

STAFF REPORT*CITY OF OCEANSIDE*

DATE: October 17, 2007

TO: Chairman and Members of the Community Development Commission

FROM: Neighborhood Services Department

SUBJECT: **APPROVAL TO ACCEPT GRANTS FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY FOR THE DISASTER HOUSING ASSISTANCE PROGRAM IN THE AMOUNT OF APPROXIMATELY \$78,000 AND TO APPROPRIATE THE FUNDS**

SYNOPSIS

Staff recommends that the Community Development Commission (CDC) approve the acceptance of grants from the Federal Emergency Management Agency (FEMA) in an amount of approximately \$78,000 awarded to the CDC and approve the appropriation of these funds for the purpose of assisting families displaced by Hurricanes Katrina and Rita who are currently residing in Oceanside.

BACKGROUND

On August 16, 2007, the CDC received notification from the U.S. Department of Housing and Urban Development (HUD) that it had entered into an Interagency Agreement with FEMA to administer a pilot program called the Disaster Housing Assistance Program (DHAP) on behalf of FEMA. Through this agreement, HUD became responsible for providing long-term rental assistance for approximately 45,000 families displaced by Hurricanes Katrina and Rita. DHAP is a temporary housing assistance program that terminates as of March 1, 2009. FEMA will determine the families that are eligible for DHAP.

HUD advised the CDC that there are three families in the City of Oceanside that are eligible for the program and requested that the CDC execute a Grant Agreement with FEMA to assist these families, as well as others that may be determined eligible for assistance by FEMA at a later date.

ANALYSIS

The DHAP provides funding for housing assistance payments, which the CDC will send directly to a landlord, as well as administrative fees to operate the program.

Under DHAP, the CDC is expected to begin sending rental subsidy payments to landlords on behalf of DHAP participants effective November 1, 2007. Initial subsidy payments will be approximately \$1,287 for families renting two-bedroom units and \$1,757 for families renting three-bedroom units. If families rent less expensive units, the subsidy will equal the contract rent. Per the DHAP regulations, the subsidy will decrease by \$50 beginning March 1, 2008 and will continue to decrease by \$50 each month through February 2009. The program will end on March 1, 2009.

The CDC is eligible to receive four types of administrative fees to assist families under the DHAP. Fees of \$92 per month per family are available to the CDC to provide pre-transitional services in the months of September, October and November 2007. A one-time placement fee is paid when the family is placed under a Disaster Rent Subsidy Contract totaling \$1,000 if the family leases in-place or \$1,500 if they relocate to another unit. Case management fees of \$92 per month per family are paid beginning November 1, 2007. Finally, the CDC is eligible to receive 15 percent of the initial DHAP rent subsidy payment.

The program will be operated by current Neighborhood Services Department employees. Staff will be required to provide comprehensive case management services to DHAP participants. Pre-transition case management services include family outreach, program enrollment, and initial family assessments. The second phase of case management includes comprehensive needs assessments, individual development plans and ongoing service connections relative to family needs and goals. DHAP families are required to participate in case management services as a condition of receiving DHAP assistance. The type and frequency of case management services for each adult family member will be determined through a detailed needs assessment. Staff will report outputs and outcomes through a case management software system.

FISCAL IMPACT

If the three families identified by FEMA lease up under the DHAP in Oceanside, the CDC would receive approximately \$78,000. The estimated Housing Assistance Payments would be \$57,596 for the sixteen-month program. Administrative fees are estimated at \$19,862 including placement fees of \$3,000 to \$4,500, case management fees of \$4,968 and, program administrative fees of \$10,394. The funds will be appropriated to the DHAP Business Unit in the CDC Adm/Program Development fund (284.29xxxx).

COMMISSION OR COMMITTEE REPORT

At its September 25, 2007, meeting, the Housing Commission unanimously recommended that the CDC approve the acceptance of grants from FEMA in an amount of approximately \$78,000 awarded to the CDC and approve the appropriation of these funds for the purpose of assisting families displaced by Hurricanes Katrina and Rita who are currently residing in Oceanside.

CITY ATTORNEY'S ANALYSIS

Does not apply.

RECOMMENDATION:

Staff recommends that the Community Development Commission (CDC) approve the acceptance of grants from the Federal Emergency Management Agency (FEMA) in an amount of approximately \$78,000 awarded to the CDC and approve the appropriation of these funds for the purpose of assisting families displaced by Hurricanes Katrina and Rita who are currently residing in Oceanside.

PREPARED BY:

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SUBMITTED BY:

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Executive Director

REVIEWED BY:

Michelle Lawrence, Deputy City Manager

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DM for MP

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Attachment : Disaster Housing Assistance Program Grant Agreement

DISASTER HOUSING ASSISTANCE PROGRAM GRANT AGREEMENT

1. Grant Information

This Grant Agreement (“Grant Agreement”) is made by and between the Federal Emergency Management Agency (“Grantor”) and the public housing agency City of Oceanside Community Development Commission (“Grantee”) PHA Number CA132 to administer the Disaster Housing Assistance Program (“DHAP”). DHAP is authorized under the Department of Homeland Security’s general grant authority under section 102(b)(2) of the Homeland Security Act, 6 U.S.C. § 112, sections 408(b)(1), 426 and 306(a) of Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5174(b)(a), § 5189d and § 5149 (a), respectively, and the Economy Act, 31 U.S.C. § 1535. Pursuant to an Inter-Agency Agreement signed by the Federal Emergency Management Agency (FEMA) and the Department of Housing and Urban Development (HUD), FEMA transferred the administration of the DHAP to HUD including administration of this grant agreement.

2. Definitions

Budget Authority The maximum amount of funds available for payment to the PHA over the term of the Grant Agreement.

Grant Agreement This Grant Agreement for the DHAP. With each Grant Agreement Funding Increment, the parties commit to the terms of this Grant Agreement. Commitments for all the funding increments are listed in this Grant Agreement as Funding Exhibits.

Expenditures Amounts which may be charged against program receipts in accordance with the Grant Agreement and HUD requirements.

Funding Exhibit An exhibit to the Grant Agreement. The funding exhibit states the amount and term of funding for a Grant Agreement Funding Increment.

Grant Agreement Funding Increment Each commitment of budget authority by HUD to the PHA for the DHAP under the Grant Agreement. The funding increments for the program are listed on the program funding exhibit.

HUD U.S. Department of Housing and Urban Development.

Program The Disaster Housing Assistance Program.

Public Housing Agency (PHA) A housing agency or other HUD-designated intermediary agency with the ability and legal capability to administer the DHAP assistance that has entered this Grant Agreement with HUD upon executing the DHAP Grant Agreement.

Program Receipts Amounts paid by HUD to the PHA for the program, and any other amounts received by the PHA in connection with the program.

3. Funding for PHA Program

- a. The funding increments in the DHAP are listed in the funding exhibit for the program.
- b. The amount of budget authority for each funding increment in a program is stated in the program funding exhibit.
- c. By giving written notice to the PHA, HUD may revise the funding exhibit for a program:
 - (1) To add a funding increment, or
 - (2) To remove a funding increment for which the Grant Agreement term has expired.
- d. The HUD notice must include a revised funding exhibit, specifying the term and budget authority for each funding increment under the Grant Agreement. The HUD notice of a revised funding exhibit for a program constitutes an amendment of the Grant Agreement.

4. Term

- a. The funding exhibit states the first date and last date of the Grant Agreement term for each funding increment
- b. If the first or last date of the Grant Agreement term for a funding increment is not entered before the Grant Agreement is signed by the PHA, HUD may enter the date subsequently, by giving written notice to the PHA.
- c. The PHA agrees that costs incurred prior to the execution of this Grant Agreement for DHAP shall not be reimbursable from this grant.

5. Payments for Program

- a. HUD will make payments to the PHA for the program in accordance with DHAP requirements.
- b. For the program, HUD will pay the PHA the amount approved by HUD to cover:
 - (1) Rent subsidy payments by the PHA for a program.
 - (2) PHA fees for administration of the program, including case management fees.
 - (3) Any other costs or fees that HUD determines necessary for the program administration.
- c. The amount of the payment may be reduced, as determined by HUD, in accordance with DHAP requirements.
- d. HUD may require a PHA to transfer payments to another PHA in accordance with the DHAP requirements.

6. Maximum Payments for Program

- a. **Maximum Limit.** The payments for the DHAP must not be more than the sum of the budget authority amounts for the funding increments in the program.
- b. **Limit on Payments for Funding Increment.** The total amount of payments for any funding increment over the increment term must not exceed budget authority for the funding increment.

7. Reduction of Amount Payable by HUD

- a. If HUD determines that the PHA has failed to comply with any obligations under the Grant Agreement, HUD may reduce to an amount determined by HUD:
 - (1) The amount of the HUD payment for any funding increment.
 - (2) The budget authority for any funding increment.
- b. HUD must give the PHA written notice of the reduction.
- c. The HUD notice must include a revised funding exhibit specifying the term and budget authority for each funding increment under the Grant Agreement. The HUD notice of revisions to the funding exhibit for the program constitutes an amendment of the Grant Agreement.

8. PHA Request for Payment

- a. The PHA must report to HUD such information as HUD may require to receive payments for the program. The report to HUD must be submitted at such time and in such form as HUD may require, and is subject to HUD approval and revision.
- b. PHAs, at a minimum, must report the following information and certify that:
 - (1) Rent subsidy payments have been made in accordance with contracts in the form prescribed by HUD in accordance with HUD requirements; and
 - (2) Units have been inspected by the PHA in accordance with HUD and PHA requirements.
- c. If HUD determines that payments by HUD to the PHA exceed the amount of the payment approved by HUD, the excess must be applied as determined by HUD. Such applications determined by HUD may include, but are not limited to, application of the excess payment against the amount of the payment for a subsequent quarter.
- d. The PHA must take any actions required by HUD respecting the excess payment, and must, upon demand by HUD, promptly remit the excess payment to HUD.
- e. The accounting system of the PHA shall ensure that it will not commingle these grant funds with funds from any other sources that include, but are not limited to, other FEMA or HUD program funds or funds from other Federal, State, tribal or local government agencies.

9. DHAP Requirements

- a. The PHA must comply, and must require owners and families to comply with the requirements of the DHAP including any amendments or changes in the law or requirements.
- b. The DHAP requirements are embodied in the Inter-Agency Agreement between FEMA and HUD, the Operating Requirements for the program, any applicable HUD notices, Federal Register Notices, regulations, contracts and HUD policies for the DHAP

- c. The PHA must use the program forms required by HUD.
- d. The PHA must proceed expeditiously with the program under this Grant Agreement.

10. Use of Program Receipts

- a. The PHA must use program receipts to provide temporary rental assistance for eligible families in compliance with the DHAP and all HUD requirements. Program receipts may only be used to pay eligible program expenditures.
- b. The PHA must not make any program expenditures, except in accordance with the reporting and other HUD requirements.
- c. If required by HUD, program receipts in excess of current needs must be promptly remitted to HUD.

11. Depository

- a. Unless otherwise required or permitted by HUD, all program receipts must be promptly deposited with a financial institution selected as depository by the PHA in accordance with HUD requirements.
- b. The PHA must enter an agreement with the depository institution in the form required by HUD.
- c. The PHA may only withdraw deposited program receipts for use in connection with the program in accordance with HUD requirements.
- d. The agreement with the depository institution must provide that if required under a written notice from HUD to the depository:
 - (1) The depository must not permit any withdrawal of deposited funds by the PHA unless withdrawals by the PHA are expressly authorized by written notice from HUD to the depository.
 - (2) The depository must permit withdrawals of deposited funds by HUD.
- e. If approved by HUD, the PHA may deposit under the depository agreement monies received or held by the PHA in connection with any contract between the PHA and HUD.

12 Program Records

- a. The PHA must maintain complete and accurate books of account and records for a program. The books and records must be in accordance with HUD requirements, and must permit a speedy and effective audit.
- b. The PHA must furnish HUD such financial and program reports, records, statements, and documents at such times, in such form, and accompanied by such supporting data as required by HUD.
- c. FEMA, HUD and the Comptroller General of the United States, or their duly authorized representatives, must have full and free access to all PHA offices and facilities, and to all the books, documents and records of the PHA relevant to administration of the program, including the right to audit and to make copies.
- d. The PHA must engage and pay an independent public accountant to conduct audits that are required by HUD.

13. Default by PHA

- a. Upon written notice to the PHA, HUD may take possession of rights or interests in connection with this program, including funds held by a depository, program receipts, and rights or interests under a Disaster Rent Subsidy Contract with an owner, or may order the PHA to take remedial action, if HUD determines that:
 - (1) The PHA has failed to comply with any obligations under this Grant Agreement;
or
 - (2) The PHA has failed to comply with obligations under a Disaster Rent Subsidy Contract with an owner; or
 - (3) The PHA has failed to take appropriate action, to HUD's satisfaction or as directed by HUD, for enforcement of the PHA's rights under a Disaster Rent Subsidy Contract; or
 - (4) The PHA has made any misrepresentation to HUD of any material fact.
- b. HUD's exercise or non-exercise of any right or remedy under the Grant Agreement is not a waiver of HUD's right to exercise that or any other right or remedy at any time.

14. Program Closeout

Upon conclusion of the PHA's DHAP program, HUD will conduct a settlement process in accordance with DHAP operating requirements and then adjust funding for the PHAs accordingly.

15. Fidelity Bond Coverage

The PHA must carry adequate fidelity bond coverage, as required by HUD, of its officers, agents, or employees handling cash or authorized to sign checks or certify vouchers.

16. Exclusion of Third Party Rights

- a. A family that is eligible for rent subsidies or rental assistance under this Grant Agreement is not a party to or third party beneficiary of the Grant Agreement.
- b. Nothing in the Grant Agreement shall be construed as creating any right of any third party to enforce any provision of this Grant Agreement, or to assert any claim against HUD or the PHA.

17. Grant Misrepresentation

The PHA or any other entity under this instrument who makes or causes to be made a false statement, claim or misrepresentation, which the Grantee or entity knows or has reason to know is false, may be imprisoned and/or fined in accordance with the civil or criminal penalties and/or fines applicable under law, including Title 18 of the United States Code (U.S.C.), Title 31, section 3801, et seq. (Program Fraud Civil Remedies Act) and any other applicable provision of Federal, state or local law.

18. Grant Agreement

- a. The Grant Agreement is an agreement between FEMA and the PHA.
- b. The Grant Agreement shall not be amended or modified without prior written approval from FEMA.
- c. FEMA will make funds available to HUD and the PHA pursuant to this Grant Agreement and the DHAP Requirements in the manner and amounts described herein.

19. Termination

The Grant term shall begin on _____ and shall end no later than March 1, 2009.

20. Acknowledgements

- a. The Grantor and the Grantee acknowledge HUD’s right to administer and enforce the provisions under this Grant Agreement, the Standard Operating Procedures and any subsequent HUD directives and guidance for the DHAP.
- b. **By entering into this Grant Agreement, it is so acknowledged by the signature below, that the Grantee has the legal capacity and authority to administer the DHAP in the jurisdiction covered by this Agreement.**

WITNESS WHEREOF, the parties have executed this Grant Agreement by their duly authorized signatories as of the date signed by both parties.

United States of America
 Federal Emergency Management Agency
 Signature of Authorized Representative

X _____ Date Signed _____

Name and Official Title (Print or Type) _____

DHAP FEMA Assistance Officer, Office of the Assistant Administrator of the Grant Programs
 Directorate

Housing Agency

Name of Agency City of Oceanside Community Development Commission
 Signature of Authorized Representative

X Margery M. Pierce Date Signed Sept. 14, 2007

Name and Official Title (Print or Type) Margery M. Pierce, Director of Neighborhood Services