



**Review of Broward County Community  
Development Corporation (CDC) – Tenant  
Eligibility Requirements**

---

**February 2, 2007**

**Report No. 07-12**

**Office of the County Auditor  
Evan A. Lukic, CPA  
County Auditor**

## Executive Summary

This report evaluates whether:

- Broward County Community Development Corporation (CDC)<sup>1</sup> complied with the contractual tenant eligibility requirements, and
- County staff monitored CDC to ensure compliance with contractual requirements.

We concluded that:

- CDC complied with contract eligibility requirements for a sample of tenant files reviewed during fiscal years 2005 and 2006; and
- Nine contracts with CDC did not contain monitoring provisions and County staff did not monitor compliance for tenant eligibility for five apartment buildings as required by the contracts

We recommend that the Board of County Commissioners direct the County Administrator to ensure all contracts require monitoring provisions and are monitored annually.

## Objective and Scope

The purpose of this review was to evaluate whether Broward County Community Development Corporation, Inc. (CDC) was compliant with tenant eligibility requirements for rental of multifamily apartments funded by County contracts.

---

<sup>1</sup> DBA Broward Housing Solutions, Inc.

The review covered the rental period from October 1, 2004 through September 30, 2006.

## Methodology

To accomplish our objectives, we:

- reviewed tenant eligibility requirements in 17 contracts for 12 buildings with 57 apartments<sup>2</sup> listed in **APPENDIX A, page 4**
- requested and reviewed Broward County monitoring reports for the contracts with CDC
- reviewed Federal grant regulation 24C.F.R. Part 92 pertaining to Home Investment Partnerships Program (HOME)
- reviewed SHIP monitoring requirements in the Local Housing Assistance Plan (LHAP) guidelines
- reviewed a sample of 30 tenant files to determine compliance with income and special needs eligibility requirements
- interviewed CDC and the County's Housing and Community Development Division staff

## Background

The County receives Home Investment Partnerships Program (HOME) and State Housing Initiatives Partnership (SHIP) grants from the Federal and State governments for acquisition, rehabilitation and construction of low

---

<sup>2</sup> 79 tenants occupied the apartments during the two year period.

income rental housing. These programs were administered by the Human Services Department until June 2006 when the SHIP and HOME grant programs were transferred to the Housing and Community Development Division in Urban Planning and Redevelopment Department.

During the period from April 1996 through September 2006, the County awarded CDC 17 contracts which included SHIP and HOME grant funds totaling approximately \$3.1 million for purchase, construction, or rehabilitation of 12 multifamily apartment buildings. The contracts restrict rental of these apartments to tenants with low and very low income<sup>3</sup> including occupants with mental illness or special needs for the affordability period<sup>4</sup> of 15 to 30 years.

Tenants meeting income and/or disability eligibility requirements are required to sign a lease and are charged rent based on HUD rental guidelines.

## Findings and Recommendations

### Finding 1

#### **CDC complied with tenant eligibility requirements**

---

<sup>3</sup> Per Housing and Urban Development (HUD) Fort Lauderdale income guidelines for 2004, 2005, and 2006.

<sup>4</sup> Period for which rental of apartments are for low and very low income tenants including clients with special needs and mental illness

CDC contracts require that multifamily rental units funded by the County are occupied by low and very low income tenants. Some contracts also require that to be eligible tenants must have special needs or mental illness.

We reviewed tenant files for 30 (53%) of the 57 apartments rented during the two year period ending September 30, 2006. All tenant files reviewed contained appropriate income eligibility documentation and proof of mental illness or special needs. We concluded that CDC complied with eligibility requirements for the tenant files reviewed.

### Finding 2

#### **Nine contracts with CDC did not contain monitoring provisions and County staff did not monitor compliance for tenant eligibility for five apartment buildings as required by the contracts**

HOME and SHIP guidelines require that the County monitor contracts annually for compliance including tenant eligibility for the term of the contract. Contracts with sub-recipients such as CDC should contain provisions that require County staff to monitor the contracts annually for tenant eligibility.

Nine (53%) of the 17 contracts we reviewed did not contain monitoring requirements.

In addition, County staff did not monitor compliance for tenant eligibility for five of the 12 multi-

family apartment buildings<sup>5</sup> funded by HOME funds for the two year period ending September 30, 2006.

Housing and Community Development Division (HCDD) staff stated that due to the reorganization of the Office of Housing and the Community Development Division and Hurricane Wilma, the HOME monitoring unit was reassigned to other priorities. A new monitoring unit was formed within the past six months and Division staff said that all projects will be monitored within the next 12 months.

## **Recommendations**

We recommend that the Board of County Commissioners direct the County Administrator to:

1. Implement procedures to ensure that low income housing contracts are monitored annually.
2. Require that future contracts funding low income rental housing require annual monitoring during the contract term including the affordability period.

---

<sup>5</sup> Two apartment buildings were under construction; tenant eligibility was not applicable.

<b>Contracts with Broward County Community Development Corporation</b>
--

Contract	Multifamily Apartment Building Location	Grant Type	Number of Apartments	Affordability Period [Note 1]	Amount	Grant Source	Contract Signed
1	Wilson Street Hollywood [Note 2]	Rehabilitation	N/A	30 Years	\$349,000	HOME	09/27/2005
2	Woodside Dr. Coral Springs [Note 2]	New Construction	N/A	30 Years	323,361	HOME	3/28/2006
3	SW 14 <sup>th</sup> Street Ft. Lauderdale	Rehabilitation	3	15 Years	143,196	HOME	02/19/2004
4	SW 20 <sup>th</sup> Street Ft. Lauderdale	Rehabilitation	8	15 Years	232,764	HOME	12/09/2004
5	SW 20 <sup>th</sup> Street Ft. Lauderdale	Rehabilitation	8	15 Years	232,471	HOME	12/09.2004
6	NW 35 <sup>th</sup> Street Coral Springs	New Construction	11	20 years	501,020	HOME	07/02/2002
7	NW 38 <sup>th</sup> Drive Coral Springs	Rehabilitation	6	15 years	120,950	HOME	08/27/1999
8		Acquisition		15 years	133,050	HOME	11/13/1998
9		Acquisition and Rehabilitation		15 years	68,000	SHIP	10/14/1999
10		Acquisition and Rehabilitation		15 years	40,000	SHIP	07/28/2000
11	SW 10 <sup>th</sup> Street North Lauderdale	New Construction	5	20 years	263,621	HOME	11/13/1998
12	SW 16 <sup>th</sup> Street Ft. Lauderdale	Acquisition	6	15 years	39,050	SHIP	09/17/1996
13		Acquisition and Rehabilitation (New Construction)		20 years	164,594	HOME	12/17/1997
14	NW 43 <sup>rd</sup> St Oakland Park	Acquisition and Rehabilitation	6	15 years	254,000	HOME	12/04/1997
15				15 years	135,583	SHIP	06/05/1998
16	SW 3rd Avenue Ft. Lauderdale	Acquisition and Rehabilitation	3	15 years	57,690	SHIP	04/16/1996
17	SW 3rd Street, Pompano Beach	Acquisition and Rehabilitation	1	15 years	70,000	SHIP	12/21/2001
<b>TOTAL</b>	<b>12 Buildings</b>		<b>57</b>		<b>\$3,128,350</b>		

Source: Schedule prepared by County Auditor from executed contracts

**Note 1** Period for which rental shall remain affordable to low and very low income tenants including clients with special needs and mental illness.

**Note 2** Two contracts funding twelve apartments were under construction and therefore excluded from total apartment population.