

LIMITED REVIEW OF THE HURRICANE HOUSING RECOVERY PROGRAM

**Report by the
Office of County Comptroller**

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August 28, 2008

Richard T. Crotty, County Mayor
And
Board of County Commissioners

We have conducted a limited review of the Orange County Hurricane Housing Recovery Program. The review was limited to verifying whether down payment assistance provided to low income households met Program guidelines. The period reviewed was December 1, 2006 through March 28, 2008.

We conducted this limited review in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

As noted in the report, the County has provided assistance that complies with the down payment portion of the Program and no recommendations for improvement were included. As such, a response was not requested.

We appreciate the cooperation of the personnel of the Housing and Community Development Division during the course of the review.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator
James Harrison, Director, Growth Management Department
Mitchell Glasser, Manager, Housing and Community Development Division

INTRODUCTION

Background

Orange County's Hurricane Housing Recovery Program (Program), administered by the Housing and Community Development Division, is a three-year initiative that began in September 2005 to help low income residents. Similar to the State Housing Initiatives Partnership (SHIP) administered by the Florida Housing Finance Corporation, the Program includes strategies for repairing owner occupied housing, repairing and constructing multi-family rental housing, repair and relocation assistance for manufactured housing, down payment assistance for homes and manufactured housing, and housing assistance for extremely low income households.

The Board of County Commissioners approved the Program on September 13, 2005. The Florida Housing Finance Authority approved the County's Program on September 29, 2005, and awarded the County a grant of \$4,510,643 for the three-year term from 2005 through 2008. The Program provides assistance to households classified as having low (80% of area median income), very low (50% of area median income), and extremely low (30% of area median income) by the United States Department of Housing and Urban Development.

Applicants receiving down payment assistance can receive from \$30,000 to \$50,000 depending upon the type of home purchased and their level of income. During the review period, the Orange County Housing and Community Development Division (Division) awarded almost \$1.4 million of down payment assistance.

Scope, Objectives, and Methodology

The scope of the review was limited to verifying that down payment assistance provided to applicants met the Program's guidelines. The review period was from December 1, 2006 through March 28, 2008.

Our objectives were the following:

- 1) To verify that applicants receiving down payment assistance submitted documentation sufficient to substantiate Program residency requirements.
- 2) To verify that applicants receiving down payment assistance were accurately classified as low, very low, or extremely low income individuals or households in accordance with related thresholds of the Program.
- 3) To determine that bona fide sales transactions took place between buyers and sellers that were the subject of the down payment assistance provided.
- 4) To determine whether the Division took appropriate steps to obtain approval from the Florida Housing Finance Corporation and/or the Board of County Commissioners when modifying program assistance guidelines.

Housing assistance applications, drivers' licenses, personal checks for applicants' shares of down payments, pay stubs, bank account statements, and account balance certification letters were examined in case files to obtain reasonable assurance that applicants' identities were authentic.

The Division follows income eligibility benchmarks issued by the US Department of Housing and Urban Development (HUD). We located employment verification letters, salary/wage information, federal income tax forms, Social Security benefit certification letters, dependent birth certificates, and pay stubs to verify that applicants were accurately classified as having low, very low, or extremely low income.

We reviewed sales contracts, mobile home park lot rental agreements, motor vehicle registrations, and insurance coverage certificates to ensure that sales transactions involving the parties and properties identified in assistance requests had taken place.

Third-party property appraisals and home inspections with photographs were examined and County property records were researched to verify the existence of parcels for which down payment assistance was provided.

We interviewed Division personnel and reviewed documentation to determine if adequate approvals were received for all changes to the program guidelines.

We reviewed a sample of applicant files and evaluated the Division's adherence to Program guidelines. Subsequent to the original guideless approved in September 2005, the Division modified the guidelines by increasing the maximum assistance levels and decreasing the loan forgiveness amortization periods. According to the grant administrator, the Florida Housing Finance Corporation, the Division was authorized and allowed to make such a change.

Overall Evaluation

Based on the results of our testing, we found the following:

- There was adequate documentation to substantiate the identity of all individuals receiving assistance;
- The applicants receiving down payment assistance were accurately classified as low, very low, or extremely low income individuals or households;
- Bona fide sales transactions took place between buyers and sellers that were the subject of the down payment assistance provided; and,
- The Division took appropriate steps to obtain approval from the Florida Housing Finance Corporation and/or the Board of County Commissioners when modifying program assistance guidelines.

No Recommendations for Improvement are included in this report.