



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT
DETROIT FIELD OFFICE
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March 16, 2022

Brian McGrain
Director
Economic Development and Planning
City of Lansing
316 N. Capitol Ave Ste. D-1
Lansing, MI 48933

Dear Mr. Brian McGrain:

**SUBJECT: Non-Compliance with CDBG Housing Rehabilitation Requirements
Community Development Block Grant (CDBG) Program**

In reviewing the City of Lansing's rehabilitation procedures and responsiveness to program complaints, this Office determined that the City failed to comply with the requirements contained in 2 CFR Part 200 Subpart D (Post Federal Award Requirements). Subsequently four Findings were issued on November 21, 2021. The City timely responded to the Findings on December 15, 2021 and January 18, 2022, which closed Findings #2 and #4. The intent of this letter is to provide a disposition to Findings #1 and #3, which the City Submitted responses on February 28, 2022 and March 15, 2022.

FINDING #1: Rehabilitation written policies and procedures.

Corrective Actions

Grantee should have policies and procedures to carry out each requirement applicable to the rehabilitation program. The Policies and Procedures for the CDBG requirements above should be updated or developed and adopted to include procedures for foreseen situations. Additionally, the procedures should include annual staff training, contractor/subrecipient training, frequency of the solicitation for pre-qualifying contractors, and tracking poor performers with clear resolutions or penalties.

Grantee's Response

From the City's previous response, it was not clear if the following activities were included in the Policies and Procedures.

- a. Contractor Oversight
 - i. The procedure for evaluating the quality of work prior to considering the work "complete" and contractor payment.
 - ii. The procedure for tracking poor performance (with clear resolutions or penalties)
 - iii. The procedure for tracking misconduct (with clear resolutions or penalties)
- b. The plan for having routine staff meetings
- c. The procedure for checking/verifying data entered into CDM (Community Development Management system).

- d. The City's plan for requesting training from CDM in efforts of updating the management functions of the software
- e. Procedures for Annual Staff Training
- f. Procedures for Contractor Training
- g. Procedures for Subrecipient Training

The City has updated and forwarded the Contractor Complaint Policy, P&P for Annual Staff Training, and Contractor Training Policy with all requested language. They also created P&P for the current regular staff meetings held on Monday mornings to discuss and brain-storm current and future projects.

The City explained the CDM software has checks and balances built in that safeguards the accuracy of data and therefore a formal procedure is not needed. The updated Community Development Organization Chart (with lines of responsibility) was also submitted.

Disposition

The requested information received was found acceptable. **This finding is closed.**

FINDING #3: Failure to follow Dispute Resolution Procedures.

Corrective Actions

Within 30 days of the date of the Non-Monitoring Findings letter, the dispute policy should be updated with contributions and input from the current contractors and should include the departments' up-to-date organizational chart showing lines of responsibility. The grantee should retrain all pre-qualified contractors as well as the rehabilitation staff on their dispute procedures and ensure that all future beneficiaries are informed of the dispute resolution process. Notify this office once complete.

Grantee Response

The Development Office has updated its Dispute Resolution Policy, Procedure and Practice to include an "Informal Complaint Procedure", a "Formal Complaint Procedure" and the current Development Office Organizational Chart. This updated document will be provided to current clients via mail and to future clients at the loan closing.

The Development Office has adopted the written contractor complaint policy and procedure that clearly outlines the roles of the contractor, rehab specialist and homeowner, and reiterates the contract requirements. Both documents were provided to pre-qualified contractors at the mandatory Contractor Meeting held on Friday, December 17, 2021. And the documents are included in the updated Contractor Handbook, which each newly approved contractor receives upon approval.

Furthermore, the City verified the following:

- i. There was input from the current contractors and rehab staff regarding the Complaint P&P. There is also language included in the P&P to continue to use the input of contractors and staff.

- ii. The City retrained all pre-qualified contractors
- iii. The City retrained all rehabilitation staff
- iv. The dispute procedures ensure that all future beneficiaries are informed of the dispute resolution process. *“Language should be in the P&P”*.
- v. The meeting scheduled for December 17, 2021 occurred.

Disposition

The required actions to close this finding have been met. **This finding is closed.**

The City is reminded that policies and procedures are living documents. They should be updated to meet the needs of the applicable programs regularly. If you have any questions, please contact CPD Representative Portia D. McGoy at portia.d.mcgoy@hud.gov.

Sincerely,

KEITH

HERNANDEZ

Digitally signed by: KEITH
HERNANDEZ
DN: CN = KEITH HERNANDEZ C = US
O = U.S. Government OU = Department
of Housing and Urban Development
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Keith E. Hernández, AICP, PMP

Director

Office of Community Planning and Development