

## Meeting Summary

Following is a summary of issues discussed at the DHCD Stat on March 24, 2011. Analysis is provided by StateStat and the Governor's Delivery Unit (GDU).

### Follow-Up Items

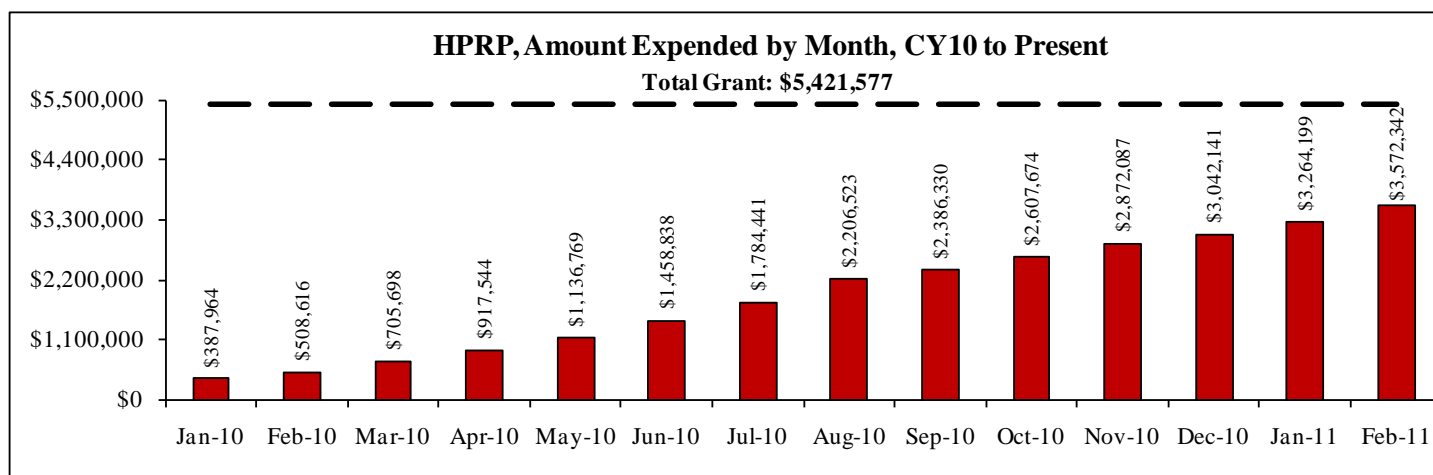
- **Emergency Mortgage Assistance Program (EMAP).** The panel will recall discussions at prior StateStat meetings about EMAP, which is set to provide the state with \$40 million from the federal government to assist homeowners in getting current with back mortgage payments. The agency reported that a final grant agreement was received from the U.S. Department of Housing and Urban Development (HUD), and that the agency anticipates roll-out of the program on or around April 1<sup>st</sup>.
- **Legislative Audit (Finding 3: DHCD Had Not Established Adequate Accountability and Control over Equipment).** At the February 9 StateStat meeting, an audit finding reporting that the agency had not established adequate accountability and control over equipment was discussed. The agency is previously reported that there is a conversion amount of approximately \$600,000 that has yet to be accounted for, including \$320,000 of this amount is attributable to IT software. A corrective action plan is currently in the process of implementation, and the agency previously reported that the audit finding should be resolved by the end of June. The agency reported that progress was being made toward resolving this audit finding, and that final resolution was still on track to occur by the end of June.

### ARRA

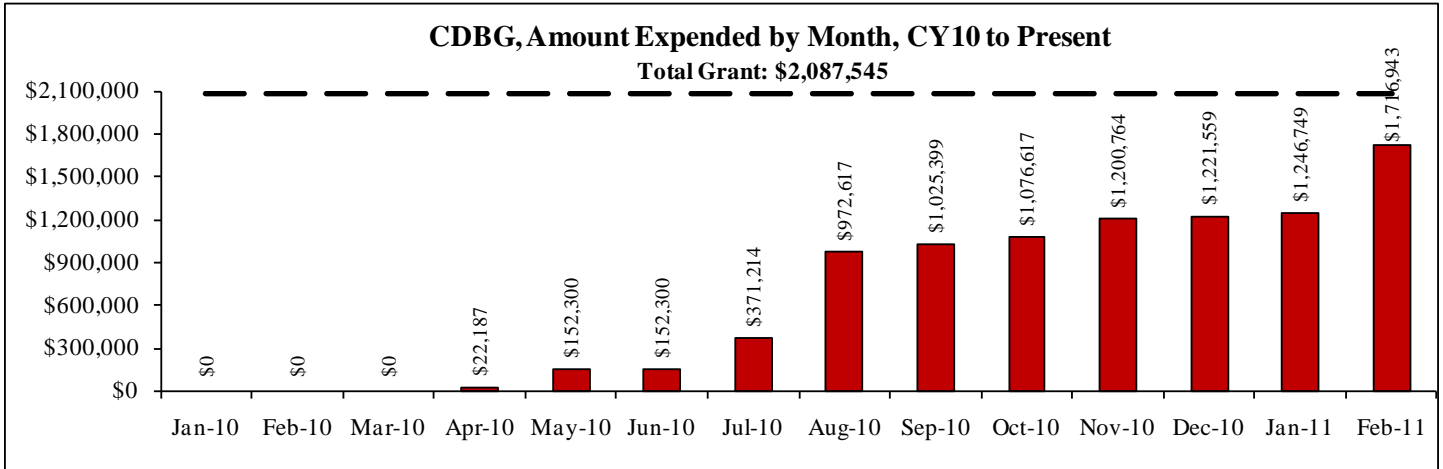
- **Energy Efficiency Community Block Grant (EECBG).** As shown in the chart below, the agency's EECBG expenditures lag far behind its other ARRA programs, with just 1% of its \$20 million grant expended to date. The EECBG fund expires in June 2013, so ample time remains for the agency to ramp up expenditures. The EECBG Program will provide financing for retrofits and installation of energy efficiency measures in up to 640 single family homes, 540 commercial buildings and 14 multifamily buildings, as well as fund 60 training sessions on updated energy efficiency building codes. The agency reported that outreach efforts to drive demand for its energy efficiency finance products have begun, including roll-out of the Be SMART website. Funds were recently allocated from the program to Habitat for Humanity, who will perform energy efficiency work on single family homes. The agency is also currently reviewing proposals for multifamily housing projects, and expects to make its first commitment to a multifamily project in the next few months. In addition, the agency reported that buildings and energy codes trainings are set to begin on April 2.

Department of Housing and Community Development					
Award	Award Amount	Expended	% Expended	Remaining Award	Jobs
Community Services Block Grant-ARRA	\$13,719,817	\$13,719,817	100%	\$0	0.00
Community Development Block Grant (CDBG)	\$2,152,108	\$1,783,724	83%	\$368,384	7.34
Weatherization Assistance Program for low-income persons.	\$64,003,045	\$26,407,371	41%	\$37,595,674	247.29
Recovery Act: EECBG - Investment in Main Street: Energy Efficiency for Economic Growth	\$20,000,000	\$136,235	1%	\$19,863,765	2.30
Tax Credit Assistance Program	\$31,701,696	\$29,189,267	92%	\$2,512,429	24.24
Homelessness Prevention and Rapid Re-Housing Program	\$5,680,393	\$3,747,259	66%	\$1,933,134	5.00
<b>Total</b>	<b>\$137,257,059</b>	<b>\$74,983,674</b>	<b>55%</b>	<b>\$62,273,385</b>	<b>286.17</b>

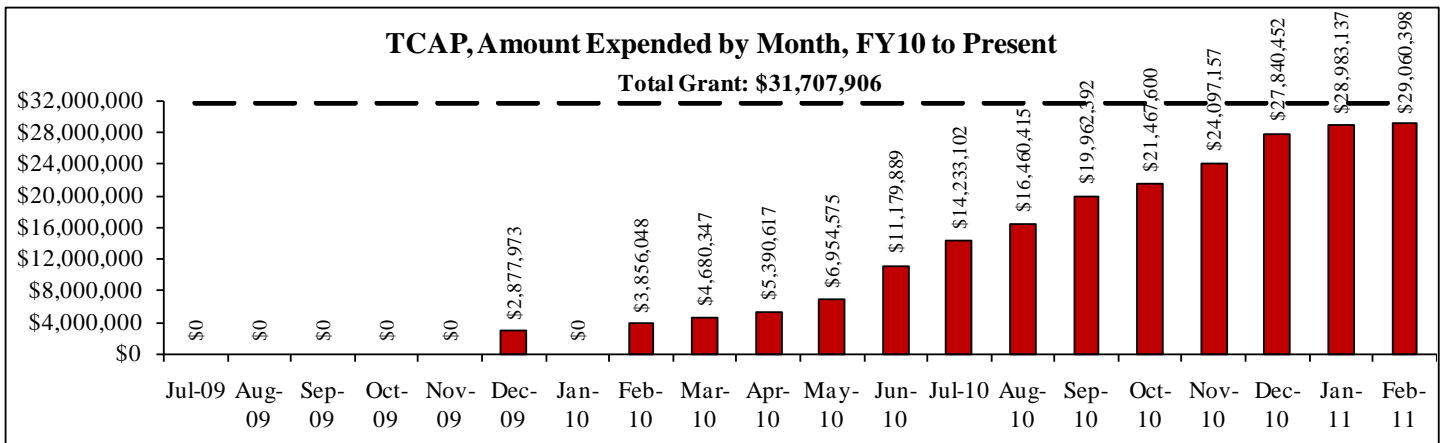
- Homelessness Prevention and Rapid Re-Housing Project (HPRP).** The agency's HPRP program has expended 66% of its \$5.4 million ARRA grant to date, and has already met its interim goal of expending 60% of its grant by July 13, 2011. Though expenditures are occurring at an acceptable pace, at the September StateStat meeting, it was reported that some of the agency's 33 sub-recipients were slow to spend their grant. Specifically, the Prince George's County Department of Family Services (PGDFS) had yet to expend any funds through September. The agency has an internal goal that all sub-grantees will have expended 50% of their grants by the end of March. The agency reported that while the Prince George's County Department of Family Services was still lagging behind most of its other grantees, PGDFS recently changed the scope of its services to allow the Department to perform work for all homeless persons, not just disabled homeless persons. The broadening of PGDFS's scope of service resulted in a boost in expenditures, and the agency is confident that PGDFS will be able to continue its improved rate of expenditure in the upcoming months.



- Community Development Block Grant (CDBG).** The agency’s CDBG program has expended 83% of its \$2.2 million ARRA grant to date. CDBG funds received under ARRA were directed to four sub-recipient projects. The agency reported that it expects the rate of expenditure to remain steady, and that the September 30, 2012 deadline for completing expenditure of funds should easily be met.

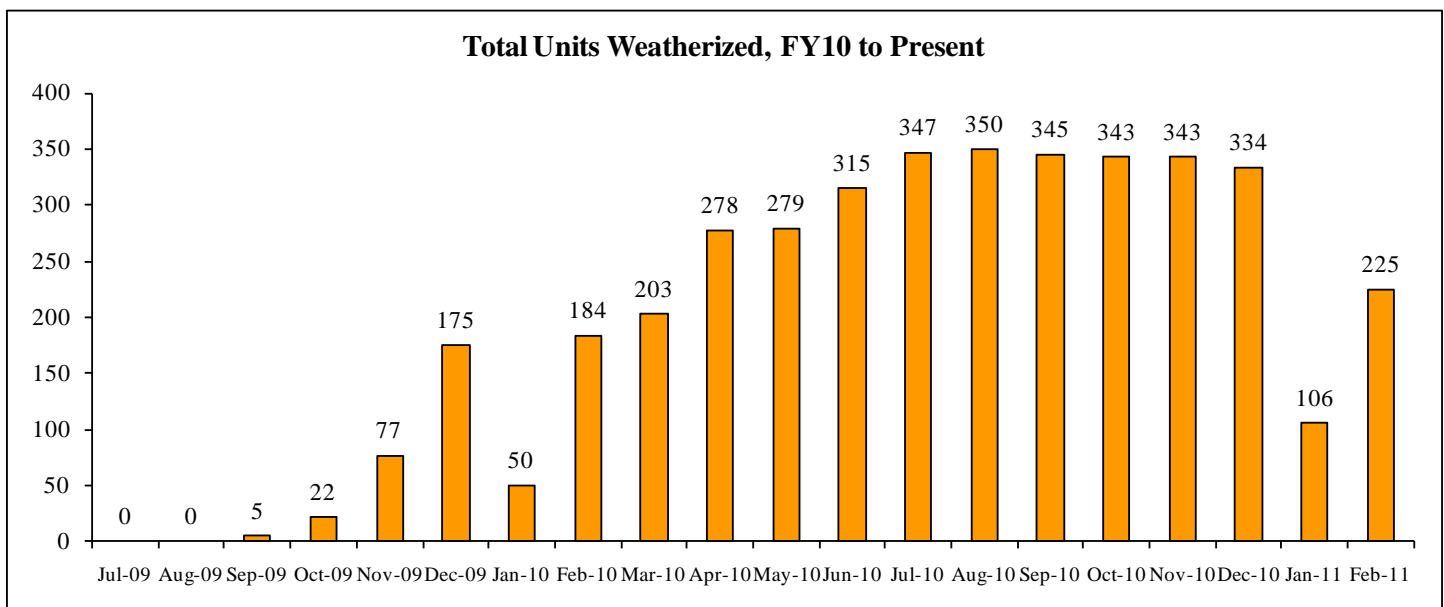


- Tax Credit Assistance Program (TCAP).** The agency’s TCAP grant is 92% expended, and well above schedule to expend all funds before the program’s December 31, 2012 deadline. The agency reported that it expects expenditures to be completed for this program over the next several months.

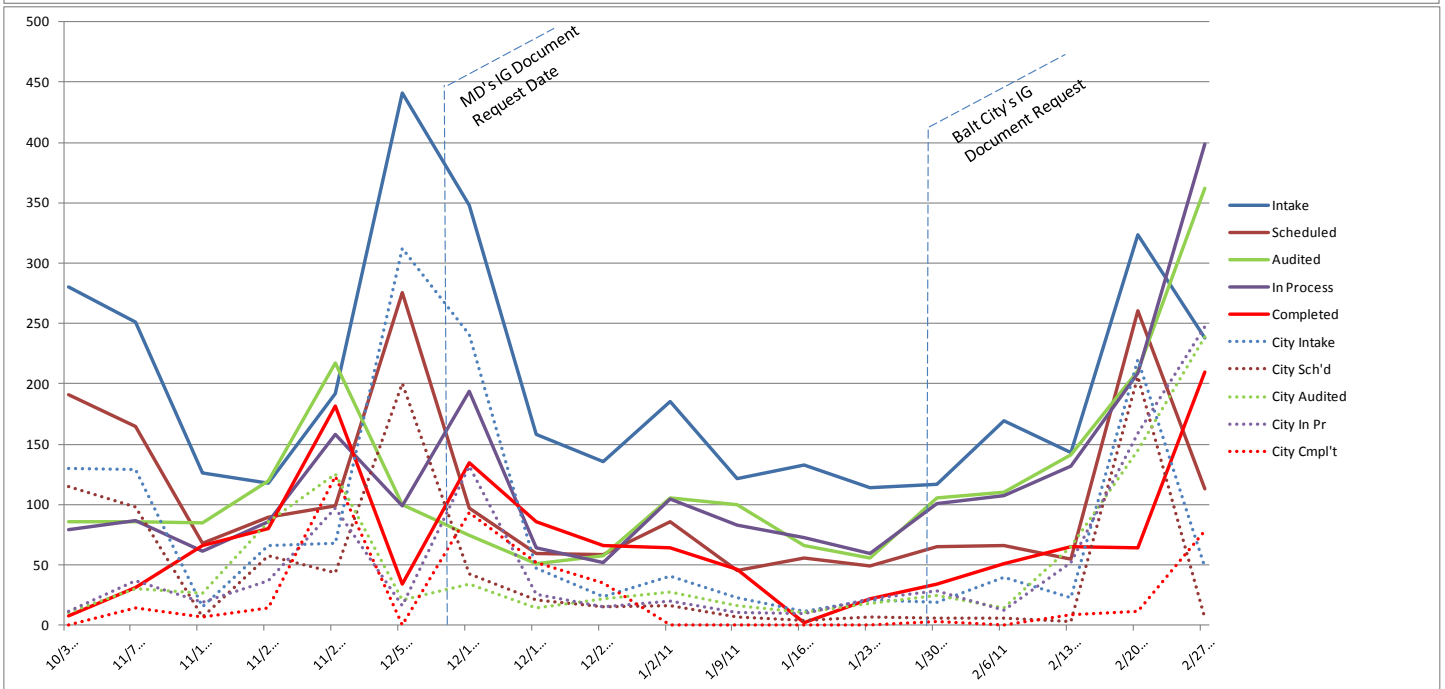
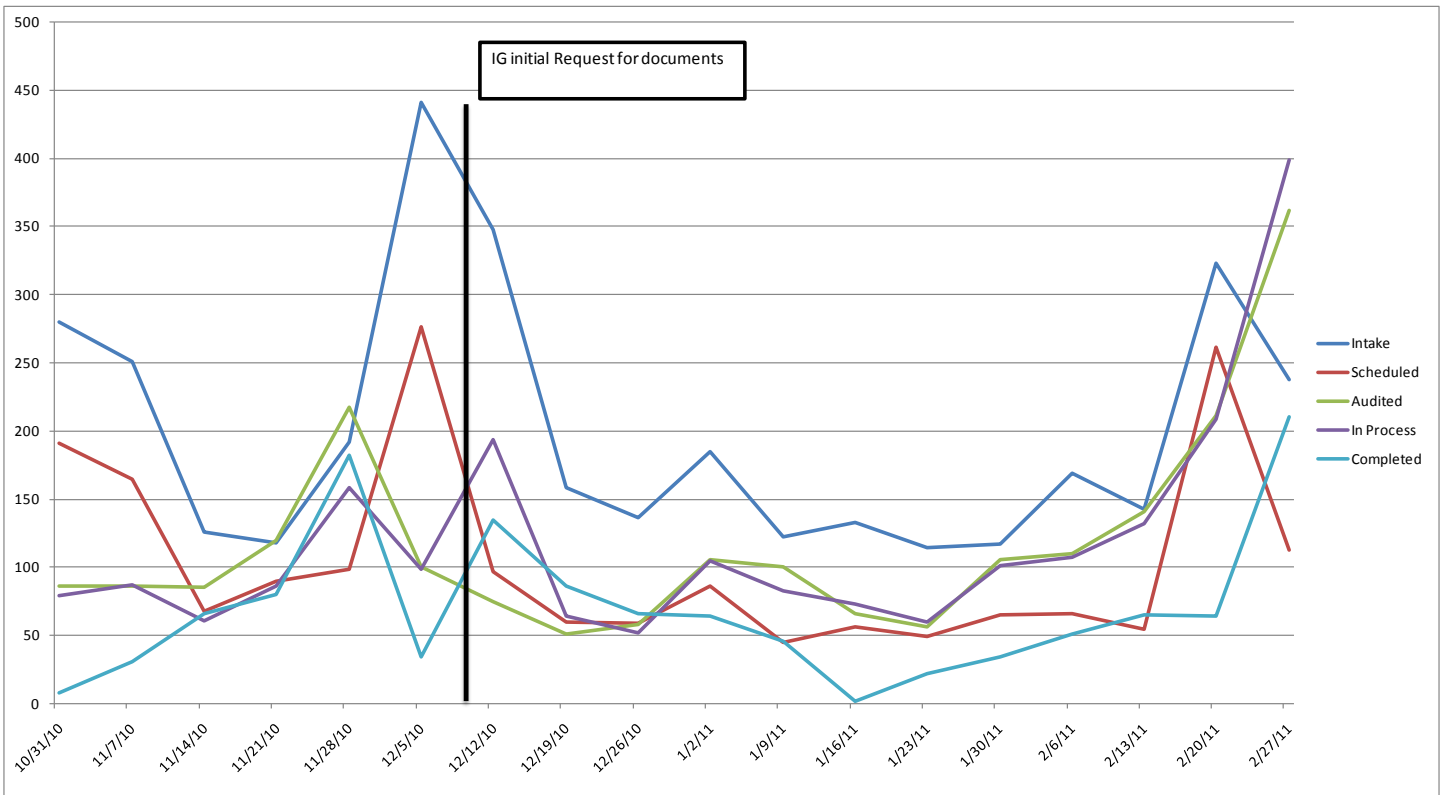


## Weatherization

- Production.** The agency completed 225 units in February, up from the 106 units in January. As of the morning of March 11, the agency is reporting that they had paid 141 invoices in March and 41 pending invoices (37 in Montgomery County which won't be paid until audits are completed, 3 Upper Shore, 1 Prince George's County). The agency reported that they are experiencing an expected uptick in the number of pending invoices due to the new requirement that Local Weatherization Agencies (LWAs) complete a Davis-Bacon review prior to submitting invoices to the State. Previously, the State would perform a Davis-Bacon review on forms after the payment of invoices, but the agency determined that this process was inefficient. The agency is performing a beta test on an enhancement to its Hancock system that would allow sub-contractors to submit invoices directly into Hancock, instead of manually submitting invoices to LWAs, who then would enter the invoice into Hancock. The agency believes that the backlog of pending invoices should be cleared over the next 3-4 months, and that production figures will spike as a result of clearing the backlog, as unit production is measured by the number of invoices paid to LWAs.



- January Drop in Production.** The panel will recall the discussion at the last StateStat meeting concerning the significant drop in production experienced in production in January. Unit production in the agency's Weatherization Assistance Program (WAP) is measured by the number of invoices paid to LWAs in a given month. The agency reported at the last StateStat meeting that the drop in invoices paid in January was caused by the disruption of the IG audits, as staff that would normally have been performing computer input, signing work orders and authorizing invoice payments were diverted to assist in answering the IG's requests. The agency was asked to determine if the IG audits in January caused an actual drop in production or just created delays in submission and processing of invoices. The agency is reporting that there is no indication that the unit decline was caused by an actual decrease in production, and that the drop was driven by invoice processing delays caused by diversion of staff to respond to the IG's audit requests. The agency provided charts displaying the effect of the IG audits on how weatherization applications move from intake to completion, which are displayed below.

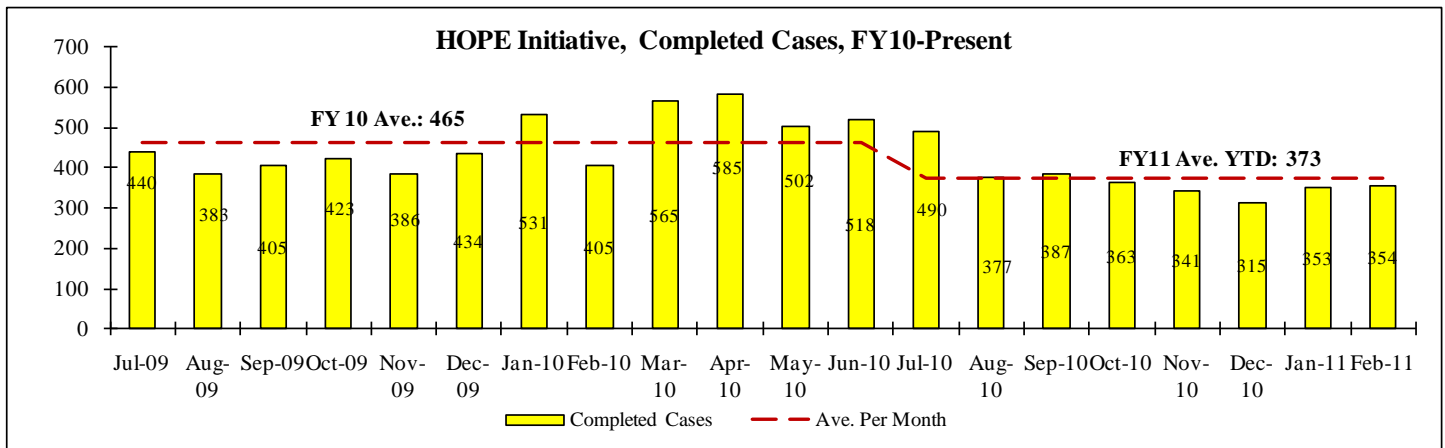


- DOE Inspector General (IG) Audits.** The agency reported that the IG has completed its site visit in Prince George’s County, which began on February 9. The IG has requested to visit 19 additional sites in Prince George’s County, which are currently being scheduled. IG auditors performed 21 field audits on weatherized units and visited offices in Baltimore City. Baltimore City’s audit is still ongoing. The agency also reported that an exit interview for Montgomery County was anticipated to occur over the next few days.

DOE IG Audits: Status Updates	
Locality	Status
Baltimore City	Audits are ongoing, offices visited, 21 field audits completed
Prince George's County	Exit interview conducted, IG requested to visit 19 more units
Montgomery County	Exit interview scheduled for March 18

**HOPE Initiative**

- Completed Cases.** While the agency’s HOPE initiative is performing intakes at roughly a similar level as it was in FY10, the average number of cases completed per month is 90 cases lower in FY11 to date than it was in FY10. The agency suggested that the drop may be related to market factors, as the number of foreclosure filings has dropped since the July 1<sup>st</sup> passage of foreclosure mediation legislation. The agency reported that it would further examine this data and report back to the panel at a later date.



- Negative Outcomes.** Though the percentage of HOPE cases receiving negative outcomes has declined over the last few months to standard levels, in FY11 to date 11.4% of completed HOPE cases have received negative outcomes. In FY10, only 8.4% of cases received negative outcomes. The agency similarly reported that it believed that the August 2010 spike in negative outcomes was related to the passage of the foreclosure mediation law, as its counselors became inundated with an increased caseload after a rush of foreclosure filings in the months preceding the passage of foreclosure mediation legislation.

