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Missouri State Auditor

City of St. Louis
Community and Economic
Development Offices

April 2009
Report No. 2009-38



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Office of the
Missouri State Auditor
Susan Montee, JD, CPA

April 2009

The State Auditor performed an audit of the City of St. Louis, Community and Economic Development Offices. These offices include: the Community Development Administration, Planning and Urban Design Agency, Affordable Housing Commission, Land Reutilization Authority, and Port Authority. The following findings were included in our audit report.

The Community Development Administration (CDA) is primarily responsible for the administration of federal funds for housing projects and community and economic development programs. The CDA does not use any formal evaluation criteria to determine subrecipient funding and does not adequately document reasons for funding various proposals. The city allocates money to each aldermanic ward for ward pool housing projects and proposals for projects are received by the CDA throughout the year. The CDA normally documents and summarizes some information for each housing project proposal; however, the CDA does not use any formal evaluation criteria and does not adequately document the reasons for funding the various housing proposals. In calendar year 2008, \$10 million was awarded to subrecipients and \$4.6 million was allocated to ward pool housing projects.

The city does not advertise for proposals or document the selection process for housing projects funded under the Major Residential/Commercial Initiatives program. The projects funded by this program are proposed and selected by a 12 member aldermanic caucus; however, no meeting minutes or other documentation of the reasons for selecting projects to be funded are maintained. The city allocated a total of \$4.3 million to this program during 2007 and 2008.

The city's Healthy Home Repair Program provides home repair loans to homeowners who meet various requirements. The city usually allocates the same amount of Healthy Home Repair Program monies to each aldermanic ward, and it appears the city does not allocate the monies based on the area of greatest need. As of August 28, 2008, there were 3,325 clients on waiting lists mainly in wards with little or no unspent monies, while there were 4 wards with unspent balances that exceeded \$120,000 each with small or no waiting lists. In addition, the CDA has not periodically solicited proposals for Healthy Home Repair Program administration services. The city appropriated \$2 million to the Healthy Home Repair Program in 2008.

The Affordable Housing Commission (AHC) provides partial financing for affordable housing development, homeless shelters and prevention programs, neighborhood home repair, and training programs. The AHC does not summarize the results of the evaluation process when selecting applications for funding awards. The AHC does not have a formal plan for the selection of recipients chosen for fiscal monitoring and does not have formal procedures for tracking recommendations made as a result of fiscal

YELLOW SHEET

monitoring reviews. In addition, the AHC has not established adequate policies or procedures for on-site monitoring of recipients or to ensure loans to housing developers are repaid in compliance with the loan agreements. During the year ended June 30, 2008, the AHC awarded funding of \$5.4 million.

The Land Reutilization Authority (LRA) takes control of delinquent tax properties that fail to be sold at land tax sales and purchases properties for redevelopment by the CDA. The LRA manages, sells, transfers, or otherwise disposes of these properties to return the properties to a tax-generating status. Improvements are needed in land inventory records, and the LRA does not have contracts related to costs incurred for property maintenance and upkeep. Expenses incurred for maintenance and upkeep are not allocated to individual properties as required by state law. The LRA's policies for land sale pricing are outdated or not adequately documented. LRA staff estimated it controlled approximately 9,300 parcels of land at December 31, 2008.

Also included in the audit are recommendations related to the CDA's monitoring and receipt procedures.

All reports are available on our Web site: www.auditor.mo.gov

CITY OF ST. LOUIS
COMMUNITY AND ECONOMIC DEVELOPMENT OFFICES

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STATE AUDITOR'S REPORT



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the Honorable Mayor
and
Acting Executive Director of Community Development Administration
and
Acting Director of Planning and Urban Design Agency
and
Affordable Housing Commission
and
Land Reutilization Authority
and
Port Authority
City of St. Louis, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of St. Louis. The city engaged KPMG LLP, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended June 30, 2008. To minimize duplication of effort, we reviewed the CPA firm's audit report. We have conducted an audit of the offices of the City of St. Louis Community Development Administration, Planning and Urban Design Agency, Affordable Housing Commission, Land Reutilization Authority, and Port Authority. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2008. The objectives of our audit were to:

1. Obtain an understanding of the petitioners' concerns and perform various procedures to determine their validity and significance.
2. Determine if the offices have adequate internal controls over significant management and financial functions.
3. Determine if the offices have complied with certain legal provisions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the offices, as well as certain external parties; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying History and Organization is presented for informational purposes. This information was obtained from the offices' management and was not subjected to the procedures applied in our audit of the offices.

The accompanying Management Advisory Report presents our findings arising from our audit of the offices of the City of St. Louis Community Development Administration, Planning and Urban Design Agency, Affordable Housing Commission, Land Reutilization Authority, and Port Authority.

Additional audits of various officials and departments of the city of St. Louis fulfilling our obligations under Section 29.230, RSMo, are still in progress, and any additional findings and recommendations will be included in subsequent reports.



Susan Montee, JD, CPA
State Auditor

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF ST. LOUIS
COMMUNITY AND ECONOMIC DEVELOPMENT OFFICES
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Community Development Administration Awarding Procedures
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The Community Development Administration's (CDA) procedures for awarding funds for subrecipients and housing projects need improvement. The CDA is primarily responsible for the administration of federal funds for housing projects and community and economic development programs. The amount of funds allocated to the various CDA programs is approved by city ordinance on a calendar year basis.

A. The CDA does not perform a standard analysis or summarize the results of the evaluation process when selecting proposals for subrecipient or ward pool housing project awards. As a result, the reasons for funding the various proposals are not adequately documented.

- The CDA publishes annual requests for proposals for new subrecipients, but does not require previously funded subrecipients to apply for funding. CDA staff review budgets submitted by previously funded subrecipients and determine the amounts to be awarded to these subrecipients. Funding for new subrecipients is determined by reviewing submitted proposals and determining how much money is left to fund new subrecipients. Recommendations for subrecipient funding awards are then sent to the Board of Aldermen for approval. The CDA does not use any formal evaluation criteria to determine subrecipient funding and does not adequately document the reasons for funding the various proposals. In addition, when program income is generated by a subrecipient, the CDA sometimes awards these monies to the same subrecipient without performing an evaluation. In calendar year 2008, the CDA awarded approximately \$10 million to subrecipients.
- The city allocates money to each aldermanic ward for ward pool housing projects, and proposals for projects are received by the CDA throughout the year. The CDA normally documents and summarizes some information for each housing project proposal; however, the CDA does not use any formal evaluation criteria and does not adequately document the reasons for funding the various proposals. In calendar year 2008, approximately \$4.6 million was allocated to ward pool housing projects.

The CDA's selection process should be adequately documented and retained to support decisions made. By ensuring a standard analysis is performed using stated criteria, the CDA can better evaluate the proposals to ensure the best proposals are funded by the CDA.

- B. The city does not advertise for proposals or document the selection process for projects funded under the Major Residential/Commercial Initiatives program. The city started this program in 2007 to fund housing projects in the city's northern aldermanic wards and allocated a total of \$4.3 million to this program during 2007 and 2008.

The projects funded by this program are proposed and selected by the 12 members of the African American Aldermanic Caucus; however, there are no meeting minutes or other documentation of the reasons for selecting projects to be funded. After a project is selected by the caucus, the CDA determines if the project is eligible for the applicable federal funding, and then submits the project to the Board of Estimate and Apportionment for final approval. As of August 2008, 1 project had received partial approval, 2 projects were submitted and awaiting approval, and 8 projects were in various stages of planning and evaluation.

Requests for proposals or other competitive processes help ensure all interested parties are given the opportunity to participate in city business and the city receives fair value for each project. The city should adopt a formal selection process, perform a standard analysis of each project, and document the reasons for selecting the winning projects. By ensuring a standard analysis is performed using stated criteria, the city can better evaluate the proposals to ensure the best proposals are funded.

WE RECOMMEND the Community Development Administration:

- A. Develop a formal selection process for all subrecipient and housing project awards which includes requests for proposals for previously funded subrecipients and for program income awards. The selection process should include performing a standard analysis with stated criteria for each type of award, and preparing and retaining documentation of the reasons for funding the various proposals.
- B. Work with the Board of Aldermen to establish a formal competitive selection process for projects funded by the Major Residential/Commercial Initiatives program.

AUDITEE'S RESPONSE

The Community Development Administration provided the following written response:

- A. *Subrecipient selections:*

Although applications from new applicants were reviewed for consideration in prior years, and the results of the application review were noted in the file, CDA did not have a formal rating sheet. A formal application rating sheet for new applicants has been developed and will be used to better document the review and the results of the review.

In prior years all previously funded subrecipients received annual programmatic and fiscal monitoring reviews. These reviews formed the basis for determining whether continued funding was appropriate. In November 2008 CDA revised its subrecipient funding notification process for the City's 2009 Annual Action Plan participants by requiring all previously funded subrecipients to complete an application. A formal application rating sheet, which will encompass the results of the annual programmatic and fiscal reviews for these subrecipients, has been developed and will be completed annually, prior to commitment of funding.

Housing Development selections:

There are very few instances when CDA receives more than one proposal in response to Requests for Proposals published to solicit developers for specific properties—almost all such requests are issued for properties acquired because they were deemed to be "problems". CDA's housing analysts go to great lengths to interest developers in these properties, attending realtor open houses, appearing before the St. Louis Rehabbers Club, participating in dialogues with the Homebuilders Association, making presentations before groups of minority contractors in cooperation with the City's Office of Disadvantaged Business Enterprises, and maintaining a widely-publicized website. Despite these efforts, multiple proposals for a project are rarely received.

Often CDA works in cooperation with a neighborhood housing corporation or community-based development organization. In such cases, CDA's housing analysts work with the organization to develop criteria for developer selection. When more than one proposal is received, developers are often asked to make presentations before the neighborhood organization, and selection of the successful respondent is based on criteria developed jointly by the organization and CDA staff.

All initial selections are preliminary only. Developers are granted options of six to eighteen months in length to obtain acceptable plans, budget and financing and must complete full applications, ensuring that standard financial analysis is performed before final development awards are made—financial analysis and disbursement monitoring procedures ensure that funds are disbursed in appropriate amounts for appropriate costs and that CDA's funds are leveraged with private financing. CDA uses the Missouri Housing Development Commission's guidelines where available as CDA maximums for a variety of soft cost types—these MHDC standards were developed collaboratively with other state finance agencies across the country. In addition, staff now use an evaluation form that is kept on file for each project to document staff review of development proposals.

The CDA Residential Development standard "Request for Proposals" form has recently been revised. Given unusual conditions or challenges that may be involved with particular properties, CDA will also issue customized Requests for Proposals in such situations.

- B. *CDA and the Mayor's Office will work with the Board of Aldermen in the future to establish a more formal and competitive process for the selection of projects for the Major Residential/Commercial Initiatives program. This process will take into account one of the primary goals of the Initiatives program—to initiate major sustainable development activities in areas of the City which are distressed and have experienced little major development in the past. It is expected that, like the HOPE VI developments that were the inspiration for this Major Initiatives concept, many such developments will require multi-year commitments of CDBG and HOME funding as well as other resources in order to achieve that goal.*

2. Community Development Administration Monitoring Procedures
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CDA procedures for monitoring funds awarded for subrecipients and housing projects need improvement. The CDA has not established formal procedures regarding the repayment or write-off of loans for housing projects.

- A. The CDA has contracted with the Comptroller's Office, Internal Audit Section, to perform fiscal monitoring reviews and issue monitoring reports for contracts awarded to subrecipients and housing projects. The reviews are to ensure the subrecipients and housing projects are in compliance with contract terms and to ensure city monies are spent as intended. CDA staff performs program monitoring reviews for subrecipients and housing projects and issues monitoring reports. These reviews are performed to determine whether program objectives have been met for subrecipients and to monitor the quality of construction for housing projects. The monitoring procedures performed by CDA staff need improvement as follows:

- 1) The CDA does not have formal procedures for tracking program review recommendations made by CDA staff. As a result, there is no documentation that CDA staff performs follow-up procedures on these recommendations. CDA staff indicated follow-up is often communicated by telephone calls and electronic mail. Documentation is necessary to ensure recommendations are adequately followed up and implemented.
- 2) The CDA does not adequately document some monitoring visits for housing projects. Documentation is prepared for monitoring visits that are required by CDA policy; however, CDA staff indicated optional monitoring visits are normally performed several times during each project and monitoring reports are not prepared for these optional visits unless concerns are noted and not immediately corrected during the visit. The purpose of the monitoring visit is to provide a quality control review and monitor the construction progress for cost overruns. Written documentation of the results of all monitoring visits is necessary to ensure the CDA is performing monitoring procedures in accordance with its policies and procedures.

- B. The CDA has not established formal policies and procedures for the repayment or write-off of rental housing loans. The CDA makes loans to contractors that build or rehabilitate rental housing benefiting low-income city residents. The outstanding housing loans for rental properties totaled approximately \$59.6 million as of December 31, 2007. As a result of the lack of formal policies and procedures, loan repayments may not be handled consistently. CDA staff indicated loan repayment terms or loan write-offs are determined on an individual basis by using various information submitted by the rental housing developer.

Detailed written policies are necessary to provide guidance to rental housing developers, ensure equitable treatment, and avoid misunderstandings. The CDA should develop procedures to ensure all housing project loan repayments and write-offs are handled consistently and to maximize loan repayment receipts.

WE RECOMMEND the Community Development Administration:

- A.1. Ensure follow-up on program monitoring recommendations is performed and documented on a timely basis.
2. Prepare documentation of all housing project monitoring visits.
- B. Establish formal written policies and procedures for repayment and write-off of rental housing project loans.

AUDITEE'S RESPONSE

The Community Development Administration provided the following written response:

- A.1. *CDA's programmatic monitoring report has always addressed prior year findings and the status of the findings. For documentation purposes, however, and to ensure follow-up regarding programmatic findings, the CDA Site Visit Monitoring Tracking Sheet has been revised to include three new columns: date monitoring report was mailed; date Operating Agency response is due (if applicable); and, date concern was resolved.*
2. *All projects that use CDA funding for construction require a formal disbursing agreement, and that agreement always requires a CDA inspection before any draw of funds is made, regardless of funding source. Thus, CDA inspections take place regularly throughout the project, every time a request for funding is received, and CDA inspectors always maintain written records for all such inspections because CDA sign-off is required for a check to be issued. Such draw inspections take place at least monthly and frequently every two weeks. Inspectors are strongly encouraged to visit the site at other times, but there is no set schedule or agenda for such visits. In these instances of auxiliary non-required inspections, reporting is done only if issues requiring resolution are identified. CDA believes this to be sufficient, since an inspection is required prior to every disbursement and written documentation is maintained for all such inspections.*

For projects involving only acquisition write-down assistance, the CDA inspector visits the property and prepares a written report prior to the property's acquisition. Once a developer is chosen and begins work, CDA's inspector visits the property a minimum of three times during the construction period. At the time of the audit field work, each of the three visits was documented photographically, with photos date/time marked, although no standard inspection form was used for these visits. CDA has now added the use of a standard form to document these inspections.

- B. First, it should be noted that CDA funds could be granted rather than loaned with no repayment required, in full compliance with HUD's CDBG and HOME regulations. CDA's insistence on making loans, not grants, wherever possible, is evidence of CDA's desire to (a) maximize the opportunity for repayment in the future even though the potential for such opportunity cannot be predicted at the time the loan is made, (b) retain a level of control over how the property is managed and an ability to enforce property maintenance and management standards, and (c) in cases where the loan was made with funds that are subject to income restrictions, to allow CDA to enforce such restrictions. If CDA funding were structured as grants, no repayment at all would be required, so there would be no "write-off" to discuss.*

Second, CDA rental development loans are always provided on the basis of need, and need is determined by a very wide range of conditions—regulatory, financing, market and risk. Almost all CDA rental loans constitute "gap" financing: at the time the loan is made, the maximum loan amount is the difference between the private financing supported by a project's value and the total project cost—CDA fills this "gap" so that the project can proceed. CDA loans are due and payable when first mortgage debt is fully amortized or when a project is refinanced or sold. Because CDA funding is structured as "gap" financing, changes in the real estate's value over time have the most significant impact on whether it is possible for the real estate to support repayment at either a sale or refinancing. CDA loans are long-term loans, typically 25, 30 or 40 years. Whether the value will increase, remain the same or decrease over the life of the loan cannot be predicted at the time the CDA loan is made, because change in the value of real estate over time is dependent on variables that are not consistent throughout the City or from property to property. These variables include overall improvement or decline in the neighborhood, the condition of the property, and the inherent desirability of the property itself. Requests for approval of a sale or refinancing typically initiate a negotiation that involves whether CDA will permit a subordination of the loan or permit all or a portion of the CDA loan amount to be written off.

Given the range of variables involved, it is CDA's opinion that a flexible approach to repayment is essential to increase potential revenue to the City by allowing for unique circumstances to be taken into account. An owner is under no obligation to sell or refinance a property prior to the time when the first mortgage debt is fully amortized. If the owner wishes to sell or refinance prior to that time, it can be to CDA's advantage to accept a lower repayment now rather than wait years—sometimes many years—for a repayment that may or may not be higher, and may even be lower, than the amount that can be negotiated at the time the developer seeks CDA approval for reduction of the loan

amount. If a property is in danger of foreclosure and the first mortgage debt is non-recourse (e.g., there is no penalty to the owner if the foreclosure occurs other than the loss of the property), it is to CDA's advantage to negotiate a lower repayment so as to avoid foreclosure and preserve some level of value for the City—if the bid at a foreclosure sale is less than or equal to the amount of first mortgage debt (a situation that is very typical—situations where the bid is greater than the first mortgage debt are very rare), the CDA loan would be entirely eliminated as an encumbrance on the title as a matter of law and all CDA repayment potential would be lost. In some situations, a complete write-off of the loan may make sense if the write-off avoids foreclosure and allows CDA to approve a controlled sale of the property: when a property is sold to the highest bidder on the courthouse steps, it too often falls into the hands of a speculator, who exploits the property to the detriment of the neighborhood's well-being. In still other cases, the owner wishes to refinance to make investments in the property: in these situations, if the proceeds from the refinancing exceed the amount the owner plans to invest in the property, CDA negotiates a repayment and/or subordination arrangement that will induce the owner to invest in the property, thereby preserving its value, rather than foregoing the refinancing—if the owner does not refinance in these circumstances, the property will likely deteriorate and the value associated with CDA's loan will decrease.

For all these reasons, CDA believes that whether and how much repayment should be required if a property is sold or refinanced is best approached on a case-by-case basis. Were CDA to require standardized interim repayments for its rental production loans, private lending and private equity investment in these projects would almost certainly be significantly reduced, and the amount of CDA funding required for the project to be feasible would be increased, reducing the total number of projects that could be completed with a given amount of funding.

The loan structure primarily ensures that CDA has a mechanism in place to enforce affordability and upkeep requirements and that CDA maintains a right to recapture excess proceeds at the time the first mortgage debt is fully amortized or project is sold or refinanced, if such recapture is feasible given the economics of the development and the neighborhood at the time.

Within what CDA management believes to be practical and prudent, CDA has had a policy for analysis of requests for full or partial write-offs, and CDA has amended that policy in a manner that CDA believes retains its flexibility while acknowledging the auditors' comments.

3. Community Development Administration Healthy Home Repair Program

The CDA's procedures related to soliciting proposals for administration services and allocation of monies for the Healthy Home Repair Program need improvement. The Healthy Home Repair Program provides home repair loans to homeowners who meet

various requirements. The city appropriated approximately \$2 million to the Healthy Home Repair Program in calendar year 2008.

- A. The CDA has not periodically solicited proposals for Healthy Home Repair Program administration services. These administration services include determining individual participant eligibility, developing a scope of work, selecting contractors, and monitoring construction work. The CDA has used the same 2 organizations for administration services since requesting proposals in 2004 for a 3-year period. In calendar year 2008, the CDA contracted with these 2 organizations for \$181,500 and \$507,875, respectively. CDA personnel believe city bidding and procurement requirements do not apply to these services.

The CDA should periodically solicit proposals for administrative services and select the best proposal based on cost, experience, the type of service to be provided, and any other relevant factors.

- B. It does not appear the city adequately allocates the monies to wards based on the areas of greatest need. The annual city appropriation amount is usually divided equally between the wards regardless of the previous years' unspent balances and waiting lists for the program. The CDA tracks the amount allocated and spent by each ward. As of August 28, 2008, the CDA's records indicate 3,325 clients on waiting lists mainly in wards with little or no unspent monies, while there were 4 wards with unspent balances which exceeded \$120,000 each and small or no waiting lists. The majority of the clients on the waiting lists are from the city's northern wards.

The city should review its procedures for allocating Healthy Home Repair Program monies to the various aldermanic wards to ensure funds are spent efficiently and effectively, and maintain documentation to support the allocation process.

WE RECOMMEND the Community Development Administration:

- A. Periodically solicit proposals for administrative services related to the Health Home Repair Program.
- B. Work with the Board of Aldermen to review the allocation of Healthy Home Repair Program monies and maintain documentation to support how the monies are allocated. Consideration should be given to allocating the monies to the areas of the city with the greatest need.

AUDITEE'S RESPONSE

The Community Development Administration provided the following written response:

- A. *In 2003 CDA began to redesign the City's home repair programs at the suggestion of the U. S. Department of Housing and Urban Development. HUD provided and paid for a consultant to assist CDA in the redesign. When CDA initiated this redesign in 2003 for commencement of operations in 2004, the services for which CDA solicited proposals were envisioned as multiyear engagements, because the program design was new and unique and incorporated features that had not previously been administered by any of the agencies interested in operating the program. Few organizations responded to our initial RFP in 2003. Ramp-up time was relatively lengthy, and as operation of the program began in 2004, operations protocols and staffing levels designed at the program's inception required fine-tuning once the program was underway. CDA agrees, however, that the department should periodically solicit proposals for these services, if the program continues in operation. Due to a significant amount of dissatisfaction with the program (largely due to a lack of funding availability—see below), a decision was made in preparation for the 2009 Community Development Block Grant year to decentralize the City's home repair activities. CDA is now in the process of working with the current team of service providers to finish projects that were initiated prior to this decision, and at the same time working with each Alderman to determine how the program will be operated in the future in his or her ward. CDA expects to complete this process by the end of 2009. In preparation for the 2010 Community Development Block Grant year, CDA will solicit new applications for services required for the operation of the various components of the decentralized program. CDA expects that these applications will also contemplate multi-year contracts, since ramp-up and fine tuning times will again be lengthy. CDA would also like to take this opportunity to state its general satisfaction with the services provided by the non-profit organizations administering the centralized program, and CDA expects that relationships with one or more of these organizations may continue following the RFP process.*
- B. *CDA does not have control over the allocation of home repair funds, as the Board of Aldermen appropriates them. Low and moderate income homeowners live in every ward in the City, and each ward receives an equal allocation of \$75,000 per year. This allocation was established by consensus with the members of the Board of Aldermen. An allocation of \$75,000 is usually sufficient to complete between 5 and 10 home repair projects each year. If additional funds are needed for home repair, each Alderman can decide whether he or she wishes to transfer Housing Production funds into the Healthy Home Repair Program. Most Aldermen have not chosen to do so. Even if the City's entire CDBG allocation were to be devoted to the Healthy Home Repair Program, it would be insufficient to address all of the home repair needs throughout the City, as the waiting list continues to grow. Assuming each home only needed \$10,000 in repair expenditures (most homes require more) to bring the home into code compliance and make it lead safe, the total funding required to address the current waiting lists would total \$33,250,000 and the City's total CDBG allocation each year is approximately half of that amount. More clients are added to the waiting lists each year, and the numbers of*

people on the lists grow faster if individual Aldermen actively market the program. CDA has encouraged those aldermen with long waiting lists to discontinue marketing the program until those already on waiting lists have been addressed, and CDA will encourage aldermen with unspent home repair funds to market the program more actively. If after such marketing it becomes obvious that some wards do not have a sufficient number of low-income homeowners to use the \$75,000 per year allocated, CDA will suggest to those wards' aldermen that they offer home repair funds allocated to these wards to other wards with greater needs. CDA has also encouraged aldermen representing wards with long waiting lists to offer other alternatives to CDA-funded home repairs. These alternatives include FHA-insured and portfolio home improvement loans available from local lenders such as United Missouri Bank's 5% interest/no closing cost product where eligibility is based on ability to repay rather than credit score.

4. Community Development Administration Receipt Procedures

CDA procedures for processing receipts need improvement. Numerous employees in the CDA collect or receive checks and money orders. Some receipts are not recorded and checks and money orders are not restrictively endorsed immediately upon receipt. Some receipts are not transmitted to the Comptroller's Office in a timely manner. During the year ended June 30, 2008, the CDA transmitted approximately \$3.2 million to the Comptroller's Office, Federal Grants Section.

- A. Numerous employees in the CDA collect or receive checks and money orders. In accordance with CDA receipt-handling policies and procedures, receipts are transmitted to other employees for additional processing prior to being recorded by the CDA Fiscal Management Section and transmitted to the Comptroller's Office. For example, 4 CDA employees process housing project loan repayments prior to transmittal. To safeguard monies from theft, loss, or misuse, the number of employees who receive and handle monies should be limited to the extent possible.
- B. Checks and money orders received by the Residential Development section are not always recorded immediately upon receipt on either official prenumbered receipt slips or a receipt log. Monies for open housing projects are initially received by the housing analyst but are not recorded until transmittal to the asset manager. In addition, receipt records are not reconciled to amounts transmitted to the Fiscal Management section. As a result, receipts for the Residential Development section are not always transmitted to the Comptroller's Office in a timely manner. For example, 3 checks from a title company dated June 25, 2007, totaling approximately \$5,500 were kept in a housing project file and had not been transmitted to the Comptroller's Office as of July 7, 2008. Also, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately account for all receipts, checks and money orders should be recorded immediately upon receipt on either official prenumbered receipt slips or

a receipt log, and this record should be reconciled to amounts transmitted to the Fiscal Management section by someone independent of the receipting or collection functions. Transmittals should also be made intact on a timely basis and checks and money orders should be restrictively endorsed immediately upon receipt to reduce the risk of loss or misuse of funds.

WE RECOMMEND the Community Development Administration:

- A. Limit the number of employees who receive or process monies prior to recording and transmitting monies.
- B. Ensure all receipts are immediately recorded on official prenumbered receipt slips or receipts logs, and the original receipt records are reconciled to transmittals to the Fiscal Management section by someone independent of the receipting or collection functions. In addition, all monies should be transmitted to the Comptroller's Office on a timely basis, and checks and money orders should be restrictively endorse immediately upon receipt.

AUDITEE'S RESPONSE

The Community Development Administration provided the following written response:

CDA has endeavored to maintain sound practices with respect to processing receipts and had a procedure in place at the time of the auditor's field work. To address the suggestions made by the auditors, however, CDA has developed a new procedure, and that procedure is now in place. CDA further acknowledges that an error was made in retaining the three title company checks noted in the report, but CDA also notes that this situation was unique: the checks were issued in error by the title company at the outset and the circumstances surrounding retention of these checks were unique. The checks have since been returned to the title company and re-issued.

5. Affordable Housing Commission Controls and Procedures

The Affordable Housing Commission (AHC) procedures for awarding and monitoring contracts and monitoring loan repayments need improvement. AHC activities are primarily funded by a dedicated city use tax generating \$5 million a year, as well as loan repayments.

For each funding award cycle, which is usually once a year, the AHC publishes a notice of funding available for social services (homeless shelters and prevention programs, neighborhood home repair, and training programs), rental housing loans or subsidies, and for-sale housing loans or subsidies. AHC staff review applications received and make recommendations to the commission for awarding the funding. During the year ended June 30, 2008, the AHC awarded funding of approximately \$5.4 million.

- A. The AHC does not summarize the results of the evaluation process when selecting applications for funding awards. As a result, reasons for funding the various proposals are not adequately documented. The application forms include criteria which AHC personnel indicated are considered when evaluating the applications. The AHC normally documents and summarizes some information for each application; however, this information does not always agree with the stated criteria. For example, cost per square foot was documented for housing applications but this was not one of the stated criteria.

The AHC selection process should be adequately documented and retained to support decisions made. By ensuring a standard evaluation is performed using stated criteria, the AHC can better evaluate the applications to ensure the best applications are funded by the AHC.

- B. AHC procedures for monitoring recipient awards need improvement. Beginning in fiscal year 2006, the AHC has an agreement with the Comptroller's Office, Internal Audit Section, to perform fiscal monitoring reviews and issue monitoring reports for contracts awarded to recipients. The reviews are to ensure the recipients are in compliance with contract terms and to ensure city monies are spent as intended. For certain housing projects, the AHC contracted with the city's Building Division from August 2005 to June 2007, and with an architect beginning in January 2008, to perform on-site monitoring to ensure construction is completed in accordance with the approved contracts.

- 1) The AHC does not have a formal plan for the selection of recipients chosen for fiscal monitoring. Beginning in fiscal year 2006, the AHC annually selects approximately 20 recipients which were not monitored in the previous year for the Internal Audit section to monitor. However, because some of the previous years' reviews had not been completed, no recipients were selected for review in fiscal year 2008. As a result, fiscal monitoring has only been performed on 47 of the 269 social service and housing project contracts which have been awarded since the AHC began funding recipients in fiscal year 2004.

A comprehensive fiscal monitoring plan would facilitate the effectiveness and efficiency of the review function and identify the objectives of the review function. Because the AHC appears to have limited resources available for the performance of fiscal monitoring, such a plan will assist the AHC in more effectively prioritizing and establishing the frequency of reviews.

- 2) The AHC does not have formal procedures for tracking recommendations made as a result of the Internal Audit section's fiscal monitoring reviews. As a result, there was no documentation that AHC staff performed follow-up procedures on these recommendations. AHC staff indicated follow-up is often communicated by telephone calls and electronic mail.

Documentation is necessary to ensure follow-up on recommendations is performed and to effectively communicate results.

- 3) The AHC has not established adequate policies or procedures for on-site monitoring of recipients.
- Site visits are not conducted for social service recipients.
 - For housing projects which are also subsidized by federal, state, or other city monies, the AHC relies on the federal, state, or other city agency or office to monitor these projects. However, the AHC does not obtain monitoring reports from these other offices.
 - The AHC did not monitor housing projects which were only subsidized by the AHC from June 2007 to January 2008. This is the time period between the effective dates of the contracts with the Building Division and the architect as noted above. For the monitoring currently performed by the architect, the AHC also does not ensure the on-site monitoring is performed timely or complies with the contract requirements.

To ensure recipients are following contractual requirements and construction is completed in accordance with the applicable contracts, the AHC should establish on-site monitoring policies and procedures and ensure the procedures are in place and operating effectively.

- C. The AHC does not have adequate procedures to ensure loans to housing developers are repaid in compliance with loan agreements. Loan agreements usually require developers repay loans based on cash flows generated from the related housing projects. The AHC has approved repayable loans to developers of approximately \$6.8 million as of June 30, 2008. AHC staff indicated they periodically review the list of loans to determine whether follow-up action is needed. Beginning in July 2005, the AHC began requiring developers to submit annual audited financial statements to determine whether repayments should begin based on cash flow requirements in the loan agreement. However, the AHC does not ensure all required audited financial statements are received or maintain documentation of its reviews of the financial statements.

Adequate follow-up procedures are necessary to ensure all developers with loans are treated equally and to ensure the AHC maximizes the amount of loan repayment receipts.

WE RECOMMEND the Affordable Housing Commission:

- A. Develop a standard analysis for evaluating funding applications and ensure the reasons for funding the various proposals are adequately documented.

- B.1. Work with the Internal Audit section to develop a formal plan for fiscal monitoring to ensure recipient awards are reviewed on a timely basis.
2. Ensure follow-up on fiscal monitoring recommendations is performed and documented on a timely basis.
3. Establish formal policies and procedures to ensure on-site monitoring is performed for award recipients to ensure recipients are complying with contractual requirements.
- C. Establish procedures to adequately follow-up on developer loans to ensure loans are repaid in a timely manner.

AUDITEE'S RESPONSE

The Affordable Housing Commission provided the following written response:

- A. *In response to the State Auditor's recommendations, the Affordable Housing Commission returned to a six point coding system to explain and/or document the reasons for staff recommendations for the grant proposals received in the fall 2008 round. This system was first used in 2006, and staff recommendation sheets including the codes are provided to Commission members before projects are selected for funding.*

In addition, staff prepare evaluations that are provided to the Commission for both grants and loans. These documents denote whether a project meets explicitly stated funding priorities that are clearly stated in news releases, advertisements for proposals, and the Notice of Funding Availability ("NOFA"). The NOFA is mailed to applicants that respond to the news releases and advertisements.

For projects that involve the new construction or rehabilitation of housing, Affordable Housing Commission staff prepare the following analysis for each construction proposal. The following documents are distributed to commission members in advance of funding decisions:

- ***Proposal Analysis*** – *This multi-page document dissects all project costs allowing for comprehensive scrutiny of each project's financial outlay. The analysis is an objective comparison of each project's financial data. It allows comparative project strengths and weaknesses to be observed.*
- ***Proposal Summary*** – *The proposal summary provides a narrative description of each proposal. It organizes and describes the proposal's subjective qualities, and it incorporates and explains the financial data derived from the analysis. In response to feedback throughout the State Auditor's recent review, the Affordable Housing Commission included a section in the 2008 development proposal summaries that documented 'concerns' in which proposal weaknesses and unresolved issues were detailed.*

- **Proposal Evaluation** – this one-page summary recaps salient elements from both the analysis and the summary in order to provide commissioners with a succinct project synopsis. Additionally, it reiterates AHC's concerns about the project, and includes AHC's funding recommendations, funding terms/stipulations, and serves as AHC's funding determination document of record.

All AHC development projects approved for funding by the Commission are additionally reviewed by the Community Development Administration. This added layer of review produces an additional Evaluation Form prepared by CDA Housing Analysts. The CDA evaluation summarizes the proposal, and indicates, in a check-box table, how the proposal meets various development criteria, using a scale of: Good – Fair – Poor – See Comments. During AHC's exit conference with the State Auditor's office, the Auditor's staff referenced the CDA evaluation tool, and suggested that AHC staff consider using this form as well. In the future, AHC staff will use a modified version of this form for evaluation of development projects, in addition to the three (3) documents listed above.

- B.1. AHC will work with the Internal Audit Department for the 2009 and subsequent fiscal years to develop a fiscal monitoring plan that ensures that timely monitoring of grantees occurs. In developing the plan, AHC will take into consideration the size of the grant and previous experience with the grantee, if any, given limitations on the number of fiscal monitoring reviews that can be performed in a given year.
2. In the future, AHC will develop procedures for fiscal monitoring follow-up. Staff will also document in each recipient file when such follow-up occurred and when/how each recommendation has been resolved.
3. In November, 2008, AHC established an on-site monitoring system for all grants. A standardized form has been developed for monitoring purposes—this form documents performance, issues, and goals established for resolution of issues developed as a result of the visit. This system also includes a "tickler file" for issues resolution follow-up.

Each agency is also reviewed by AHC staff whenever a reimbursement request is made. Expenditures identified on the request are checked against the contract's line item budget, and any expenditure that does not match a line item is disallowed. The agency is notified by email of the adjustment to their request and the reason an item is being disallowed. Concurrently, the project's goal achievement is assessed by comparing goals stated in the contract with accomplishments data submitted by the agency. An agency is denied payment if they have not filed their quarterly programmatic report, which is mandated by contract.

In addition, the Commission also visits/requests presentations from selected service grantees, and itself makes site visits to development projects that are of interest or concern. The department also contracts with a registered architect for inspections of development projects where inspections are not already being performed by state, federal or other City funding sources.

- C. *While all AHC development project funding is structured as a loan, repayment of these loans is not typically expected unless and until a rental development or owner-occupied development is sold or refinanced by the original owner of the completed development. The loan structure primarily ensures that AHC has a vehicle in place to enforce affordability and upkeep requirements. In addition, most loans for rental developments require payments for excess cash flow. In 2007, in response to AHC's growing portfolio of repayable loans, Affordable Housing Commission staff began the process of creating a new staff position to monitor completed housing developments and service the AHC loan portfolio, particularly with respect to rental developments—servicing involves tracking due dates for annual financial reports, ensuring that annual financial reports are received, calculating the amounts of payments due, if any, based on the financial reports, overseeing compliance with income restrictions, and monitoring physical condition of rental units.*

This position has now received approval by the Commission, the City of St. Louis' Department of Personnel, and the City's Board of Estimate and Apportionment. The job description was drafted, the position advertised, and candidates sought. In the fall of 2008, AHC began interviewing candidates. However, the position was created and budgeted as part-time, and all of the candidates determined to have the necessary skills and experience declined further interest due to the part-time nature of the position. AHC will pursue filling the position with a full-time employee if it is not possible to attract a qualified part time employee within a reasonable time. Until the new employee is hired, existing AHC staff will track loan terms, annual repayment, and affordability provisions of all funded projects in order to soundly monitor and protect AHC's investment portfolio.

6. Land Reutilization Authority Controls and Procedures

The Land Reutilization Authority (LRA) procedures related to land inventory, land sales pricing, and cost tracking need improvement. The LRA takes control of delinquent tax properties which fail to be sold at land tax sales, and purchases properties for redevelopment by the CDA. The LRA manages, sells, transfers, or otherwise disposes of these properties to return the properties to a tax-generating status. LRA staff estimated it controlled approximately 9,300 parcels of land at December 31, 2008.

- A. The LRA inventory records need improvement as follows:
- When the LRA sells properties, the sales records are not reconciled to inventory disposition records. Our review noted 2 sold properties that were not marked as such on the inventory records.
 - Some properties are recorded more than once in the inventory records. LRA officials indicated the current inventory system, which was updated in 2008, allows for certain parcels to be recorded more than once in the inventory records, and they are working to resolve this problem.

- The LRA does not periodically review the availability status of properties, as recorded on the inventory records. The inventory records indicate the status of each property as available for sale, unavailable, offer pending, option pending, or sold. Our review noted several properties were recorded with an inaccurate availability status. For example, the inventory records indicated a property had an option status, although the option had been expired for about a year.

Section 92.910, RSMo, requires the LRA to establish and maintain a perpetual inventory of each tract of its real estate. Complete and accurate inventory records are necessary to ensure all properties are accounted for and to allow the LRA to proactively market all properties available for sale.

- B. The LRA does not have contracts related to costs incurred for property maintenance and upkeep. During the year ended June 30, 2008, the LRA paid approximately \$660,000 to the St. Louis Development Corporation for property upkeep services, and \$100,000 to the city's Forestry Division for grass cutting, weed maintenance, and debris removal. In addition, there is no documentation to support why only \$100,000 was paid while the Forestry Division's billing records indicate it incurred charges of \$1,658,000 for LRA properties. LRA staff indicated the land sales do not generate sufficient revenues to pay for all related costs and the city's General Fund incurs the majority of the additional costs.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts should clearly outline expectations and provide a means for the LRA to monitor compliance with the contract terms, and provide protections for the LRA in the event of a dispute over the terms of the agreement.

- C. Expenses incurred for maintenance and upkeep are not allocated to the individual properties. Maintaining a record of expenses incurred for each property or apportioning expenses to each individual parcel is necessary for the LRA to distribute the net proceeds from each land sale to the taxing authorities as required by state law. LRA personnel indicated land sales do not generate any excess monies required to be distributed to the taxing authorities; however, this claim cannot be substantiated without accounting for the costs related to each property. The LRA indicated that no distributions have been made to taxing authorities in at least 20 years.

Section 92.915, RSMo, requires the LRA to establish accounts for the operation, management, or other expenses of each parcel of real estate. This section also requires the proceeds from the sale of each parcel of land to be applied to the costs of the sale, care, improvement, operation, acquisition, demolition, management, and administration of the parcel, and any remaining proceeds be

distributed to the taxing authorities that are included in the unpaid tax bills on the parcel.

D. LRA policies for land sale pricing are outdated or not adequately documented, as follows:

- The LRA has established standard selling prices for properties based on square footage and neighborhood location. The LRA established these prices based on an analysis of land sales prior to 2002 and has not updated the standard prices since 2002. In addition, the LRA did not maintain documentation of how the prices were calculated.
- The LRA does not maintain supporting documentation for exceptions to the standard selling prices. For example, a vacant lot was sold for \$4.50 per square foot in a neighborhood where the standard price was \$2.50 per square foot. LRA staff indicated the LRA Commissioners increased the price because they believed the land was in a better location than other vacant lots in the neighborhood; however, there was no appraisal or other written documentation to support the reason for the price increase and to ensure the LRA received fair value for this property.
- Although LRA staff indicated appraisals are obtained for all commercial property prior to sale, the standard pricing policy indicates an appraisal is only required for commercial property located east of Broadway.

Periodic updating and proper documentation of the standard pricing policy is necessary to ensure the price the LRA receives for land sales is reasonable or represents the fair value of the property. In addition, any exceptions to the standard pricing should be documented in writing or supported by an appraisal. Because the LRA does not appear to generate sufficient revenues to cover the costs of property maintenance and upkeep (as noted in Parts B and C), it is important that the LRA maximizes its revenues.

WE RECOMMEND the Land Reutilization Authority:

- A. Establish procedures to ensure inventory records are complete and accurate. In addition, the LRA should routinely review the status of tracts of land to ensure the availability status of each tract is up-to-date.
- B. Enter into contracts for property maintenance and upkeep and ensure contracts contain adequate details and protections for the LRA.
- C. Maintain records accounting for the operation, management, or other expenses related to each parcel of real estate as required by state law.

- D. Periodically update standard land sales prices to ensure the prices reflect the fair value of the property. Any exceptions to the standard pricing should be documented in writing or supported by a property appraisal.

AUDITEE'S RESPONSE

The Land Reutilization Authority provided the following written response:

- A. *LRA has procedures in place to reconcile land acquisitions and sales to inventory, and LRA does routinely review the status of tracts of land to ensure the availability status of each tract is accurate. In light of the auditors' observations, LRA will examine these procedures and consider modifications to ensure that acquisition, sales and status data maintained in the inventory is as accurate and up-to-date as is possible with an inventory of 9,300+ – properties.*
- B. *Based on the auditors' observations, LRA now has a formal contract with the St. Louis Development Corporation for maintenance work associated with LRA properties. In the future, based on the auditors' observations, LRA, a City agency, will develop and execute a formal cooperation agreement with Forestry, another City agency, for grass cutting support services, although since the agreement will be between two City agencies LRA is not certain that a written agreement is definitively required by statute. It is not expected that the cooperation agreement will require LRA to pay Forestry for the full cost of these services, since the sale of LRA properties does not generate nearly enough revenue to pay for all costs incurred for LRA properties—see "C" below. If full payment were required for these services, one of two approaches would be necessary: either the services would be discontinued because LRA could not pay for them with available LRA revenues (an outcome that would result in a variety of negative consequences for the neighborhoods in which LRA properties are located) or LRA would have to seek an appropriation from the City to pay Forestry, a City department, as provided in Section 92.905.1 RSMo: "The land reutilization commissioners...may incur such other reasonable and proper costs and expenses as are related thereto. If such costs and expenses exceed the amount of funds available to the land reutilization authority under provisions of sections 92.700 to 92.920, the land reutilization authority shall obtain approval of the board of estimate and apportionment and an appropriation by the governing body of the city for such additional or supplemental fund needs." LRA has not sought such an appropriation and does not intend to seek such an appropriation.*
- C. *This question was addressed in a memorandum provided to the Collector of Revenue in 2007.*

As detailed in the attachments to LRA's memorandum to the Collector, costs associated with minimally maintaining LRA's more than 9,300 properties far outweigh sale proceeds—this has been the case since LRA's inception. For the twelve months ending June 30, 2007, income from LRA properties equaled \$1.141 million; expenses associated with the LRA inventory during this time period were \$5.099 million—in other words, expenses exceeded income by nearly \$4 million. As noted in the letter, state statutes

allow for consolidation of parcels as provided for in Sections 92.910 of the Missouri Revised Statutes, which states "The land reutilization authority shall set up and maintain a perpetual inventory on each tract of its real estate, except that individual tracts may be consolidated and grouped or regrouped for economy or convenience." LRA believes that this section of the statutes permits LRA to consolidate parcels for "economy and convenience" in tracking expenses, and further believes this approach is both practical and justifiable because, for the entirety of LRA's history, costs have been far greater than income—the additional work associated with allocating all costs to each of the 9,300 specific properties individually will only add administrative costs, will exacerbate the fact that costs are far greater than income, and will not change that fact. As noted above, Section 92.905.1 RSMo also allows LRA to seek City funds for costs that exceed income. LRA has never sought City funds as permitted by the statutes and does not intend to do so. Should a time come when it appears that LRA revenues may become sufficient to cover the costs associated with the LRA properties, LRA will begin tracking expenses to specific properties. However, given that LRA's expenses have always exceeded LRA's income since the agency's formation in the early 1970s, it is not expected that this will occur for many years.

- D. Land sale pricing based on neighborhood was instituted in 2002—prior to that time, LRA charged the same price for land regardless of its location. The fact that LRA now has a land pricing policy based on neighborhood is a significant improvement over prior practices.*

Real estate staff has been working to establish a procedure for updating land pricing on a bi-annual basis, using data provided by the Assessor's office and developed during the bi-annual reassessment process. The original pricing policy was intended to be based on arms length sales transactions. One difficulty with that original process is that it is challenging to establish prices based on comparable market-based sales in many City neighborhoods due to the fact that insufficient numbers of private sales have occurred to establish a reliable price. By using the Assessor's data, LRA can avoid developing a separate system and can take advantage of the Assessor's research on land values. This proposed policy of using land values established by the Assessor has now been fine tuned and was approved by the LRA commissioners on February 25—LRA has already begun using the new policy. For commercial properties and those properties located east of Broadway, and in cases where the uniqueness of a particular property leads real estate staff to believe that the actual value of the particular property may differ from the pricing policy, the new pricing policy will include language requiring formal appraisals in these exceptional cases. Every two years, when the Assessor has completed the bi-annual reassessment, pricing will be updated to reflect the Assessor's new data.

Very few exceptions are made to the pricing policy, but when they are LRA Commissioners base their decisions on factors such as whether the parcel is irregularly shaped, whether the size of the parcel inhibits its utility for development, the peculiarities of a particular site (e.g., drastic changes in elevation on the site), whether the location within the neighborhood warrants a change in price, and whether the offeror will have to incur extraordinary costs in order to develop the property. LRA staff also consider the

end use of the property proposed by the offeror and whether or not the offeror will need to acquire privately owned property in order for the development to proceed—the cost of acquiring private property in distressed areas often greatly exceeds the property’s value, since it is often difficult to locate multiple owners, such properties often have title problems, and the developer must often pay for improvements that have no real value. In such cases, LRA may reduce the price of its property to encourage the developer to acquire vacant and vandalized private property adjacent to the LRA property and incorporate it into the development. Offerors appear before the LRA Commission and have an opportunity to appeal the recommended price. The Commission listens to the potential buyer’s explanation and may adjust the price recommended by staff based on the buyer’s argument. The LRA Commission, composed of a representative of the Mayor, a representative of the Comptroller, and a Board of Education representative, determines the price at which a parcel will be sold. The reason for any deviation from staff recommendation is documented in the meeting minutes. Based on the auditors’ observations, LRA will, in the future, make sure that the property file includes such reason for deviation and documentation to support the deviation when exceptions are made to the pricing policy.

HISTORY AND ORGANIZATION

CITY OF ST. LOUIS
COMMUNITY AND ECONOMIC DEVELOPMENT OFFICES
HISTORY AND ORGANIZATION

The city has established various offices to provide community and economic development services as described below:

Community Development Administration

The Community Development Administration was established under the provisions of St. Louis City Revised Code Section 3.47. The Community Development Administration is responsible for the administration of federal funds allocated to the city of St. Louis for housing, community development, public service, and economic development programs. Its activities are mainly funded with federal monies, Affordable Housing Commission grant funds, and self-generated revenues. The Acting Executive Director is Jill Claybour.

The Community Development Administration has 4 sections: Residential Development, Housing Programs, Fiscal Management, and Program Monitoring. The Residential Development section works with developers, aldermen, and neighborhood groups to provide secondary financing for affordable and market rate housing, inspect and provide oversight during the development of that housing, finance acquisition of properties by the Land Reutilization Authority for redevelopment, and issue and evaluate requests for proposals for desired development. The Housing Programs section administers the down-payment assistance and home repair loan programs. The Fiscal Management section reviews and monitors subrecipient budgets, reviews and processes accounts payable, and processes receipts. The Program Monitoring section reviews applications for subrecipients, provides oversight and monitors program performance for subrecipients, and prepares various federal reports.

Planning and Urban Design Agency

The Planning and Urban Design Agency was established under the provisions of St. Louis City Revised Code Section 3.48. The Planning and Urban Design Agency performs future planning for the city. This agency provides support staff for the city's Planning Commission and also for the Preservation Board. Its activities are funded through a combination of Community Development Administration grant funds and some direct city appropriations. The Acting Director is Donald W. Roe.

The Planning and Urban Design Agency has 4 divisions: Planning and Urban Design, Cultural Resources Office, Research, and Graphics/Computer Mapping. The Planning and Urban Design Division is responsible for writing planning documents and policy, and reviewing land use applications for approval. The Cultural Resources Office is responsible for activities related to the city's historic districts, including review of applications and ensuring compliance within the districts. The Research Division provides research support for planning activities. The Graphics/Computer Mapping Division is responsible for operating the city's geographic information system (GIS) and providing GIS services to the public for a fee.

Affordable Housing Commission

The Affordable Housing Commission was established under the provisions of St. Louis City Revised Code Section 3.49. The Affordable Housing Commission promotes city living and neighborhood stabilization through preservation and production of affordable, accessible housing and support services for those in need. Its activities are funded by a dedicated special use tax generating approximately \$5 million annually, and loan repayments from developers. The Executive Director is Angela Morton Conley.

The Affordable Housing Commission provides partial financing for affordable housing development, homeless shelters and prevention programs, neighborhood home repair, and training programs. Funding is generally awarded once a year. All awarded funds must benefit households earning no more than 80 percent of the St. Louis area median income. In addition, not less than 40 percent of the annual funding must benefit households earning 20 percent or less of the St. Louis area median income. The Affordable Housing Commission staff reviews applications for recipients, monitors program performance for recipients, reviews and monitors recipient budgets, and processes receipts.

Land Reutilization Authority

The Land Reutilization Authority is established under the authority of Sections 92.700 to 92.920, RSMo. This entity is responsible for taking control of delinquent tax properties which fail to be sold at land tax sales and for purchasing properties for the Community Development Administration. It manages, sells, transfers, or otherwise disposes of these properties to return the properties to a tax-generating status. Its activities are funded through a combination of Community Development Administration grant funds and self-generated revenues which are maintained in city accounts. The St. Louis Development Corporation, a not-for-profit corporation, provides administrative services for the Land Reutilization Authority.

Port Authority

The Port Authority is established under the authority of Chapter 68, RSMo. This entity is responsible for managing and leasing the city-owned riverfront property, including dock and mooring space and parking lots. Its activities are funded through a combination of state and federal grants and self-generated revenues which are maintained in city accounts. The St. Louis Development Corporation, a not-for-profit corporation, provides administrative services for the Port Authority.