

RESOLUTION NO. THA R2018.01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, ACTING IN ITS CAPACITY AS THE CITY OF TEMPE HOUSING AUTHORITY, APPROVING THE CITY OF TEMPE HOUSING AUTHORITY'S ANNUAL PUBLIC HOUSING AGENCY PLAN FOR FISCAL YEAR 2019, AND APPROVING THE ANNUAL UPDATES TO THE CITY OF TEMPE HOUSING AUTHORITY ADMINISTRATIVE PLAN

WHEREAS, the City of Tempe Housing Authority, is authorized to engage or assist in the development or operation of low-income housing under federal housing and urban development law; and

WHEREAS, the Department of Housing and Urban Development (HUD) requires housing agencies to complete an Annual Public Housing Agency (PHA) Plan, and annual updates to the Administrative Plan; and

WHEREAS, the City of Tempe Housing Authority, desires to participate in the Section 8 Housing Choice Voucher Program and pursuant to the program requirements, has held a public hearing allowing a resident advisory board, citizens and groups to participate in the determination of goals, objectives and program administrative policies.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPE ARIZONA, ACTING IN ITS CAPACITY AS THE CITY OF TEMPE HOUSING AUTHORITY, as follows:

Section 1. The City of Tempe Housing Authority's Annual PHA Plan (FY19), and the annual updates to the City of Tempe Housing Authority's Administrative Plan is hereby approved.

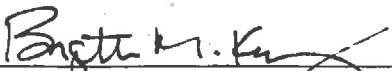
Section 2. The City Manager is authorized and directed to execute the required certifications of compliance associated with the City of Tempe Housing Authority's Annual PHA Plan and related documents.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, ACTING IN ITS CAPACITY AS THE CITY OF TEMPE HOUSING AUTHORITY, this 26th day of April, 2018.




Mark W. Mitchell, Mayor

ATTEST:



Brigitta M. Kuiper, City Clerk

APPROVED AS TO FORM:



Judith R. Baumann, City Attorney

Annual PHA Plan (Standard PHAs and Troubled PHAs)	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 02/29/2016
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Applicability. Form HUD-50075-ST is to be completed annually by **STANDARD PHAs** or **TROUBLED PHAs**. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

A.	PHA Information.																										
A.1	<p>PHA Name: <u>City of Tempe Housing Authority</u> PHA Code: <u>AZ031</u> PHA Type: <input checked="" type="checkbox"/> Standard PHA <input type="checkbox"/> Troubled PHA PHA Plan for Fiscal Year Beginning: (MM/YYYY): <u>07/2018</u> PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above) Number of Public Housing (PH) Units <u>0</u> Number of Housing Choice Vouchers (HCVs) <u>1062</u> Total Combined Units/Vouchers <u>1062</u> PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission</p> <p>Availability of Information. PHAs must have the elements listed below in sections B and C readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.</p> <p>The Plan and all attachments can be reviewed on the PHA website: https://www.tempe.gov/city-hall/human-services/housing-services/public-notice-and-plans at any time, or in the PHA offices located at 3500 S. Rural Rd, Ste 202, Tempe, Az during normal business hours Monday through Friday from 8am to 5pm.</p> <p><input type="checkbox"/> PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Participating PHAs</th> <th rowspan="2">PHA Code</th> <th rowspan="2">Program(s) in the Consortia</th> <th rowspan="2">Program(s) not in the Consortia</th> <th colspan="2">No. of Units in Each Program</th> </tr> <tr> <th>PH</th> <th>HCV</th> </tr> </thead> <tbody> <tr> <td>Lead PHA:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV	Lead PHA:																	
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B.	Annual Plan Elements					
B.1	<p>Revision of PHA Plan Elements.</p> <p>(a) Have the following PHA Plan elements been revised by the PHA?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Financial Resources.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Rent Determination.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Operation and Management.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Grievance Procedures.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Community Service and Self-Sufficiency Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Safety and Crime Prevention.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Pet Policy.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Asset Management.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification</p> <p>(b) If the PHA answered yes for any element, describe the revisions for each revised element(s):</p> <p>Descriptions provided in Supplemental Information attached to this document.</p> <p>(c) The PHA must submit its Deconcentration Policy for Field Office review.</p>					
B.2	<p>New Activities.</p> <p>(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Hope VI or Choice Neighborhoods.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Mixed Finance Modernization or Development.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Demolition and/or Disposition.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Designated Housing for Elderly and/or Disabled Families.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Tenant-Based Assistance.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Project-Based Assistance under RAD.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Occupancy by Over-Income Families.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Occupancy by Police Officers.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Non-Smoking Policies.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Project-Based Vouchers.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Units with Approved Vacancies for Modernization.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).</p> <p>(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project based units and general locations, and describe how project basing would be consistent with the PHA Plan.</p>					
B.3	<p>Civil Rights Certification.</p> <p>Form HUD-50077, <i>PHA Certifications of Compliance with the PHA Plans and Related Regulations</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>					

B.4	<p>Most Recent Fiscal Year Audit.</p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>(b) If yes, please describe: Descriptions provided in Supplemental Information attached to this document.</p>
B.5	<p>Progress Report.</p> <p>Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan.</p> <p>Descriptions provided in Supplemental Information attached to this document.</p>
B.6	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) provide comments to the PHA Plan?</p> <p>Y N <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>(c) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p> <p>Descriptions provided in Supplemental Information attached to this document.</p>
B.7	<p>Certification by State or Local Officials.</p> <p>Form HUD 50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
B.8	<p>Troubled PHA.</p> <p>(a) Does the PHA have any current Memorandum of Agreement, Performance Improvement Plan, or Recovery Plan in place?</p> <p>Y N N/A <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>(b) If yes, please describe: The PHA was successful in moving from a Troubled Agency to a Standard performer with the submission of the Fiscal Year 2017 SEMAP.</p>
C.	<p>Statement of Capital Improvements. Required for all PHAs completing this form that administer public housing and receive funding from the Capital Fund Program (CFP).</p>
C.1	<p>Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD.</p> <p>This section is not applicable to this Agency</p>

Instructions for Preparation of Form HUD-50075-ST Annual PHA Plan for Standard and Troubled PHAs

A. PHA Information. All PHAs must complete this section.

A.1 Include the full PHA Name, PHA Code, PHA Type, PHA Fiscal Year Beginning (MM/YYYY), PHA Inventory, Number of Public Housing Units and or Housing Choice Vouchers (HCVs), PHA Plan Submission Type, and the Availability of Information, specific location(s) of all information relevant to the public hearing and proposed PHA Plan. (24 CFR §903.23(4)(e))

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. (24 CFR §943.128(a))

B. Annual Plan. All PHAs must complete this section.

B.1 Revision of PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the "yes" box. If an element has not been revised, mark "no." (24 CFR §903.7)

Statement of Housing Needs and Strategy for Addressing Housing Needs. Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA's strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income), (ii) elderly families and families with disabilities, and (iii) households of various races and ethnic groups residing in the jurisdiction or on the waiting list based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. (24 CFR §903.7(a)(1)) Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. (24 CFR §903.7(a)(2)(ii))

Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions. PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR 903.2. (24 CFR §903.23(b)) Describe the PHA's admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA's policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. (24 CFR §903.7(b)) Describe the PHA's procedures for maintain waiting lists for admission to public housing and address any site-based waiting lists. (24 CFR §903.7(b)). A statement of the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. (24 CFR §903.7(b)) Describe the unit assignment policies for public housing. (24 CFR §903.7(b))

Financial Resources. A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

Rent Determination. A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d))

Operation and Management. A statement of the rules, standards, and policies of the PHA governing maintenance and management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA. (24 CFR §903.7(e))

Grievance Procedures. A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants. (24 CFR §903.7(f))

Homeownership Programs. A description of any Section 5h, Section 32, Section 8y, or HOPE I public housing or Housing Choice Voucher (HCV) homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. (24 CFR §903.7(k))

Community Service and Self Sufficiency Programs. Describe how the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. (24 CFR §903.7(l)) A description of: 1) Any programs relating to services and amenities provided or offered to assisted families; and 2) Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS. (24 CFR §903.7(l))

Safety and Crime Prevention. Describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must provide development-by-development or jurisdiction wide-basis: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities. (24 CFR §903.7(m)) A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs

provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(m)(5))

Pet Policy. Describe the PHA's policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

Asset Management. State how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory. (24 CFR §903.7(q))

Substantial Deviation. PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

Significant Amendment/Modification. PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan. Should the PHA fail to define 'significant amendment/modification', HUD will consider the following to be 'significant amendments or modifications': a) changes to rent or admissions policies or organization of the waiting list; b) additions of non-emergency CFP work items (items not included in the current CFP Annual Statement or CFP 5-Year Action Plan) or change in use of replacement reserve funds under the Capital Fund; or c) any change with regard to demolition or disposition, designation, homeownership programs or conversion activities. See guidance on HUD's website at: [Notice PIH 1999-51](#). (24 CFR §903.7(r)(2)(ii))

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

B.2 New Activities. If the PHA intends to undertake any new activities related to these elements in the current Fiscal Year, mark "yes" for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark "no."

Hope VI or Choice Neighborhoods. 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Choice Neighborhoods; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI or Choice Neighborhoods is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>. (Notice PIH 2010-30)

Mixed Finance Modernization or Development. 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Mixed Finance Modernization or Development is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>. (Notice PIH 2010-30)

Demolition and/or Disposition. Describe any public housing projects owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and (2) A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA's last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm. (24 CFR §903.7(h))

Designated Housing for Elderly and Disabled Families. Describe any public housing projects owned, assisted or operated by the PHA (or portions thereof), in the upcoming fiscal year, that the PHA has continually operated as, has designated, or will apply for designation for occupancy by elderly and/or disabled families only. Include the following information: 1) development name and number; 2) designation type; 3) application status; 4) date the designation was approved, submitted, or planned for submission, and; 5) the number of units affected. **Note:** The application and approval process for such designations is separate from the PHA Plan process, and PHA Plan approval does not constitute HUD approval of any designation. (24 CFR §903.7(i)(C))

Conversion of Public Housing. Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>. (24 CFR §903.7(j))

Conversion of Public Housing. Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to project-based assistance under RAD. See additional guidance on HUD's website at: [Notice PIH 2012-32](#)

Occupancy by Over-Income Families. A PHA that owns or operates fewer than two hundred fifty (250) public housing units, may lease a unit in a public housing development to an over-income family (a family whose annual income exceeds the limit for a low income family at the time of initial occupancy), if all the following conditions are satisfied: (1) There are no eligible low income families on the PHA waiting list or applying for public housing assistance when the unit is leased to an over-income family; (2) The PHA has publicized availability of the unit for rental to eligible low income families, including publishing public notice of such availability in a newspaper of general circulation in the jurisdiction at least thirty days before offering the unit to an over-income family; (3) The over-income family rents the unit on a month-to-month basis for a rent that is not less than the PHA's cost to operate the unit; (4) The lease to the over-income family provides that the family agrees to vacate the unit when needed for rental to an eligible family; and (5) The PHA gives the over-income family at least thirty days notice to vacate the unit when the unit is needed for rental to an eligible family. The PHA may incorporate information on occupancy by over-income families into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: [Notice PIH 2011-7](#). (24 CFR 960.503) (24 CFR 903.7(b))

Occupancy by Police Officers. The PHA may allow police officers who would not otherwise be eligible for occupancy in public housing, to reside in a public housing dwelling unit. The PHA must include the number and location of the units to be occupied by police officers, and the terms and conditions of their tenancies; and a statement that such occupancy is needed to increase security for public housing residents. A "police officer" means a person determined by the PHA to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State or local government or by any agency of these governments. An officer of an accredited police force of a housing agency may qualify. The PHA may incorporate information on occupancy by police officers into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: [Notice PIH 2011-7](#). (24 CFR 960.505) (24 CFR 903.7(b))

Non-Smoking Policies. The PHA may implement non-smoking policies in its public housing program and incorporate this into its PHA Plan statement of operation and management and the rules and standards that will apply to its projects. See additional guidance on HUD's website at: [Notice PIH 2009-21](#). (24 CFR §903.7(e))

Project-Based Vouchers. Describe any plans to use Housing Choice Vouchers (HCVs) for new project-based vouchers, which must comply with PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in 983.57(b)(1) and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. If using project-based vouchers, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan. (24 CFR §903.7(b))

Units with Approved Vacancies for Modernization. The PHA must include a statement related to units with approved vacancies that are undergoing modernization in accordance with [24 CFR §990.145\(a\)\(1\)](#).

Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

For all activities that the PHA plans to undertake in the current Fiscal Year, provide a description of the activity in the space provided.

- B.3 Civil Rights Certification.** Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulation*, must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. ([24 CFR §903.7\(o\)](#))
- B.4 Most Recent Fiscal Year Audit.** If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. ([24 CFR §903.7\(p\)](#))
- B.5 Progress Report.** For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. ([24 CFR §903.7\(r\)\(1\)](#))
- B.6 Resident Advisory Board (RAB) comments.** If the RAB provided comments to the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. ([24 CFR §903.13\(c\)](#), [24 CFR §903.19](#))
- B.7 Certification by State of Local Officials.** Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. ([24 CFR §903.15](#)). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.
- B.8 Troubled PHA.** If the PHA is designated troubled, and has a current MOA, improvement plan, or recovery plan in place, mark "yes," and describe that plan. If the PHA is troubled, but does not have any of these items, mark "no." If the PHA is not troubled, mark "N/A." ([24 CFR §903.9](#))
- C. Statement of Capital Improvements.** PHAs that receive funding from the Capital Fund Program (CFP) must complete this section. ([24 CFR 903.7 \(g\)](#))
- C.1 Capital Improvements.** In order to comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan. PHAs can reference the form by including the following language in Section C. 8.0 of the PHA Plan Template: "See HUD Form- 50075.2 approved by HUD on XX/XX/XXXX."

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan.

Public reporting burden for this information collection is estimated to average 9.2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

City of Tempe Housing Authority – AZ031
Annual PHA Plan for Fiscal Year Beginning 07/2018
Supplemental Information

B. Annual Plan Elements

B.1 Revision of PHA Plan Elements

Financial Resources: The City of Tempe provides a recurring Administrative Fee supplemental funding of \$190,000 per Fiscal Year in support of the HCV Program. Due to the uncertainty of the Administrative Fee Funding proration for Calendar Years 2018 and 2019, the PHA has requested an additional \$160,000 of funding to ensure there is sufficient funding to appropriately administer the program. This would bring the total amount of City funded support to \$350,000 for the Fiscal Year beginning July 1, 2018.

Rent Determination: During the Fiscal Year beginning July 1, 2017, the PHA began implementing Payment Standards in accordance with HOTMA and reasonable accommodation increases to 120% of FMR. There is no decrease in the payment standard if the FMR decreases as long as the family remains in the same unit, decreases would be effective upon the move to a new unit. Additionally, the PHA has begun utilizing Go Section 8 as the software provider to assist with Rent Reasonableness Determinations.

B.2 New Activities: The PHA is actively undertaking new activities; however, not specifically listed on HUD Form. The PHA is a part of the City of Tempe's Housing Services Group, and as such actively participates with the other services provided:

- The Agency is currently administering a HOME TBRA program designed to end/prevent homelessness for individuals who are currently homeless, or will be homeless due to fleeing Domestic Violence. The current program serves 20 families, and is being expanded to support a maximum of 40 families.
- The Agency is exploring opportunities with the Regional Behavioral Health Authority for an expansion of the Bridges to Permanency program. The current program serves 25 families.
- The Agency is working with the newly formed Affiliate Non-Profit and the Community Development Block Grant (CDBG) program on a new initiative in which a portion of CDBG funding is utilized to purchase homes. These homes are then managed by, the Tempe Coalition for Affordable Housing, Inc as permanently affordable rental homes available to Tempe residents with an income range of 0% to 80% of the current AMI. Additionally, the Agency is reviewing the feasibility of Project Basing vouchers to these units. Should it be determined to be feasible and in the community best interest, then the Agency will initiate the process of project basing units.
- The Agency is working through the development and implementation of a collaboration with market rate developers for the inclusion of Workforce housing units being included in new complexes (single or multiple). These units would be subject to a monitoring requirement, and if this endeavor is successful the Agency would provide the income/eligibility verification during the affordability period.

City of Tempe Housing Authority – AZ031
Annual PHA Plan for Fiscal Year Beginning 07/2018
Supplemental Information

- The Agency is actively seeking outside grants and reviewing all leveraged funding options to support the mission of providing affordable housing to the residents of Tempe. All successful grant applications would be in conjunction with partner agencies, with the eligibility being determined by the PHA.

B.4 Most Recent Fiscal Year Audit: During the recent Fiscal Year ending June 30, 2017 financial audit there were findings. The attached Single Audit Report details the audit findings from the prior year, the current year and the corrective action plan. It is important to note that many of the audit findings from the prior year audit have already been addressed and are either closed, or substantially completed.

B.5 Progress Report: The PHA continued to make progress in meetings its Mission and Goals as described in the 5-Year Plan and Annual Plan through the following actions:

- Maintaining the availability of decent, safe and affordable housing
- Project Basing 15 units within the Valor on 8th project for low to extremely low-income families
- Increased promotion of the PHA's Family Self Sufficiency Program
- Working to promote equal opportunity and affirmatively furthering Fair Housing
- Conducting outreach to property owners increasing the available options for voucher holders
- Partnering with the Regional Behavioral Health Authority (Mercy Maricopa Integrated Care) to administer a Bridge to Permanency Program
- Successfully applying for the award of HUD-VASH vouchers
- Development of an Affiliate Non-Profit, Tempe Coalition for Affordable Housing, Inc
- Development and Implementation of a HOME-TBRA program for families/individuals who are homeless or are homeless due to fleeing Domestic Violence (as defined by VAWA)
- Increase voucher utilization and leasing maximization

B.6 Resident Advisory Board (RAB) Comments: During the process of updating the Administrative Plan and the Annual PHA Plan, feedback from the RAB was solicited. Only two of the members provided written feedback at the final review meeting. These comments are attached immediately following this Supplemental Information. In reviewing and discussing the comments, one member voiced concern over the loss of availability to specialty populations. Staff provided additional clarification that the specialty programs were additional programs and not a reduction in the assistance available to the HCV program participants.

Tempe Housing Resident Advisory Board
Feedback on Annual Plan and Administrative Plan Changes
4/18/18

RAB Member: JACK DRUMMOND

Annual Plan Feedback:

Administrative Plan Changes Feedback
Chapter 1: PLAN YEAR 1 & 5

NEW HOMELESS COORDINATORS
HOME INVESTING
BRIDGES ONGOING

Chapter 3:
DRUG REDEFINED
POLICY
+ CRIMINAL ACTIVITY CHANGES 3 + 5
NET HOUSING - BREAK UP OF FAMILY
WOULD CONTINUE THE VICTIM/VET ABUSER
LEASES - BOTH CAN BE CONVERTED
TO FOR EACH SECTION 8 +
VULNERABLE YOUTH REDEFINED, INCLUDES FOSTER CHILD
Chapter 4: BURDEN OF PROOF IS PROPONERANCE OF EVIDENCE
TAKE (IN VIEW OF CIRCUMSTANCES)

@
#4

Chapter 7:

SELF CERTIFICATIONS
IF ~~PR~~ PRIMARY CERT IS
UNAVAILABLE
(3RD PARTY)

Chapter 8: INSPECTIONS • 2 YEAR INTERVALS

LIFE THREATENING CONDITIONS (24 Hr.) v. (30 DAY)

Now

CAN MOVE IN ON 30 DAY ISSUES

Chapter 11: FINANCIALS OF FIXED INCOME CLIENTS

CAN GO 3 YEARS IF CDLA IS
SOLE SOURCE ~~IF~~

Tempe Housing Resident Advisory Board
Feedback on Annual Plan and Administrative Plan Changes
4/18/18

VASH 
!!!

RAB Member: Rachel Phillips

Annual Plan Feedback:

Administrative Plan Changes Feedback

Chapter 1:

Concerns about losing housing clients
to veterans or mental health ~~patients~~
based on new vouchers being provided

~~political~~ N/A

Chapter 3:

Womens resource center
resource for battered women only

Chapter 4:

Chapter 7:

Chapter 8:

Chapter 11:

monthly reports

**Certification of Compliance with
PHA Plans and Related Regulations
(Small PHAs)**

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 02/29/2016

**PHA Certifications of Compliance with the PHA Plans and Related Regulations
including Civil Rights and PHA Plan Elements that Have Changed**

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the ___ 5-Year and/or X Annual PHA Plan for the PHA fiscal year beginning July 1, 2018, hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.
3. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Board or Boards in developing the Plan, and considered the recommendations of the Board or Boards (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
4. The PHA certifies that the following policies, programs, and plan components have been revised since submission of its last Annual PHA Plan (check all policies, programs, and components that have been changed):
 - 903.7a Housing Needs
 - 903.7b Deconcentration and Other Policies Governing Eligibility, Selection, Occupancy, and Admissions Policies
 - 903.7c Financial Resources
 - 903.7d Rent Determination Policies
 - 903.7h Demolition and Disposition
 - 903.7k Homeownership Programs
 - 903.7r Additional Information
 - A. Progress in meeting 5-year mission and goals
 - B. Criteria for substantial deviation and significant amendments
 - C. Other information requested by HUD
 - 1. Resident Advisory Board consultation process
 - 2. Membership of Resident Advisory Board
 - 3. Resident membership on PHA governing board

The PHA provides assurance as part of this certification that:

- (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
 - (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
 - (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
 6. The PHA certifies that it will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
 7. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identifying any impediments to fair housing choice within those programs, addressing those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and by maintaining records reflecting these analyses and actions.
 8. For a PHA Plan that includes a policy for site based waiting lists:
 - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2010-25);

- The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
 - Adoption of site-based waiting lists would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
 - The PHA shall take reasonable measures to assure that such waiting list is consistent with affirmatively furthering fair housing;
 - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7(c)(1).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
 10. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
 11. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
 12. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
 13. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
 14. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
 15. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
 16. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
 17. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
 18. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments), 2 CFR Part 225, and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
 19. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
 20. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
 21. The PHA certifies that it is in compliance with applicable Federal statutory and regulatory requirements, including the Declaration of Trust(s).

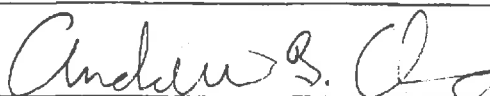
City of Tempe Housing Authority
PHA Name

AZ031
PHA Number/HA Code

5-Year PHA Plan for Fiscal Years 20__ - 20__

Annual PHA Plan for Fiscal Year 2018

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	Title
Andrew Ching	City Manager
Signature	Date
	April 26, 2018

**Certification by State or Local
Official of PHA Plans Consistency
with the Consolidated Plan or
State Consolidated Plan
(All PHAs)**

U. S Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 2/29/2016

**Certification by State or Local Official of PHA Plans
Consistency with the Consolidated Plan or State Consolidated Plan**

I, Andrew Ching, the City Manager
Official's Name *Official's Title*

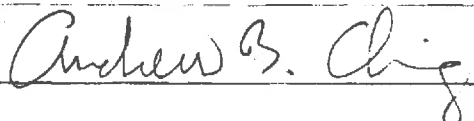
certify that the 5-Year PHA Plan and/or Annual PHA Plan of the
City of Tempe Housing Authority
PHA Name

is consistent with the Consolidated Plan or State Consolidated Plan and the Analysis of
Impediments (AI) to Fair Housing Choice of the
City of Tempe
Local Jurisdiction Name
pursuant to 24 CFR Part 91.

Provide a description of how the PHA Plan is consistent with the Consolidated Plan or State
Consolidated Plan and the AI.

The current PHA plan details the furtherance of the Consolidated Plan and AI goals.
The PHA has been working to expand housing opportunities through the development of new programs.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	Title
Andrew Ching	City Manager
Signature	Date
	April 26, 2018



City of Tempe, Arizona
Single Audit Reporting Package
Year Ended June 30, 2017

**CITY OF TEMPE, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2017**

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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Tempe, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tempe, Arizona, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Tempe, Arizona's basic financial statements, and have issued our report thereon dated December 15, 2017. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement Nos. 74 and 77.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Tempe, Arizona's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Tempe, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Tempe, Arizona's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Tempe, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 15, 2017

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Tempe, Arizona

Report on Compliance for Each Major Federal Program

We have audited City of Tempe, Arizona's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Tempe, Arizona's major federal programs for the year ended June 30, 2017. City of Tempe, Arizona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Tempe, Arizona's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Tempe, Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Tempe, Arizona's compliance.

Basis for Qualified Opinion on Community Development Block/Entitlement Grants, Home Investment Partnerships Program, and Section 8 Housing Choice Vouchers

As described in Findings 2017-001, 2017-002, 2017-003 and 2017-004 in the accompanying schedule of findings and questioned costs, City of Tempe, Arizona did not comply with requirements regarding the following:

<u>Finding Number:</u>	<u>CFDA Number:</u>	<u>Program (or Cluster) Name</u>	<u>Compliance Requirement</u>
2017-001	14.871	Section 8 Housing Choice Vouchers	Special Tests and Provisions
2017-002	14.871	Section 8 Housing Choice Vouchers	Special Tests and Provisions
2017-003	14.218	Community Development Block/Entitlement Grants	Subrecipient Monitoring
2017-003	14.239	Home Investment Partnerships Program	Subrecipient Monitoring
2017-004	14.218	Community Development Block/Entitlement Grants	Equipment and Real Property Management

Compliance with such requirements is necessary, in our opinion, for City of Tempe, Arizona to comply with the requirements applicable to that program.

Qualified Opinion on Community Development Block/Entitlement Grants, Home Investment Partnerships Program, and Section 8 Housing Choice Vouchers

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, City of Tempe, Arizona complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Community Development Block/Entitlement Grants, Home Investment Partnerships Program, and Section 8 Housing Choice Vouchers for the year ended June 30, 2017.

Unmodified Opinion on Highway Planning and Construction and Federal Transit Formula Grants

In our opinion, City of Tempe, Arizona complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-005, 2017-006 and 2017-007. Our opinion on each major federal program is not modified with respect to these matters.

City of Tempe, Arizona's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Tempe, Arizona's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of City of Tempe, Arizona is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Tempe, Arizona's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Tempe, Arizona's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-002, 2017-003 and 2017-004 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2017-005 and 2017-007 to be a significant deficiencies.

City of Tempe, Arizona's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Tempe, Arizona's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tempe, Arizona as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Tempe, Arizona's basic financial statements. We issued our report thereon dated December 15, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 15, 2017

CITY OF TEMPE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Program Title	CFDA Number	Contract Number	Expenditures	Payment to Subrecipients
<u>U.S. Department of Agriculture</u>				
Passed through Arizona Department of Health Services:				
Supplemental Nutrition Assistance Program Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	C-86-13-031-3-03	97,084	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	C-86-13-031-3-04	192,284	
Total Supplemental Nutrition Assistance Program Cluster			289,368	
Total Department of Agriculture			289,368	
<u>U.S. Department of Housing and Urban Development</u>				
Direct programs:				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		1,512,939	30,623
Total CDBG - Entitlement Grants Cluster			1,512,939	
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871		8,058,021	
Section 8 Housing Choice Vouchers	14.871		593,917	
Total Housing Voucher Cluster			8,651,938	
Family Self-Sufficiency Program				
	14.896		62,612	
Passed through Maricopa County:				
Home Investment Partnerships Program	14.239		1,106,231	509,378
Total Department of Housing and Urban Development			11,333,720	540,001
<u>U.S. Department of the Interior</u>				
Passed through State of Arizona Historic Preservation Office:				
Historic Preservation Fund Grants-In-Aid	15.904		200	
Historic Preservation Fund Grants-In-Aid	15.904		1,904	
Total Department of the Interior			2,104	
<u>U.S. Department of Justice</u>				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-1010	48,191	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-1000	16,325	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-4078-005-001	153,851	
Total Edward Byrne Memorial Justice Assistance Grant Program			218,367	
Organized Crime Drug Enforcement Task Force	16.Unknown		4,138	
Joint Terrorism Task Force	16.Unknown		15,527	
Passed through AZ Department of Public Safety:				
Crime Victim Assistance	16.575	2014-VA-GX	217,628	
Passed through AARP Foundation:				
Juvenile Mentoring Program	16.726	EC-2016-02-0007	87,489	
Total Department of Justice			543,149	
<u>U.S. Department of Transportation</u>				
Passed through AZ Department of Transportation:				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	CM-TMP-0(234)	296,252	
Highway Planning and Construction	20.205	CM-TMP-0(238)	374,959	
Highway Planning and Construction	20.205	CM-TMP-0(210)	180,725	
Highway Planning and Construction	20.205	CMAQ-TMP-0(242)	493,678	
Highway Planning and Construction	20.205	CMAQ-TMP-0(244)	1,118,883	
Total Highway Planning and Construction Cluster			2,464,505	

See accompanying independent auditor's report on schedule of expenditures of federal awards
and notes to schedule of expenditures of federal awards.

CITY OF TEMPE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Program Title	CFDA Number	Contract Number	Expenditures	Payment to Subrecipients
Federal Transit Cluster				
Passed through City of Phoenix:				
Federal Transit Formula Grants	20.507	AZ-90-X124	1,331,966	
Federal Transit Formula Grants	20.507	VM-Rail	279,965	
Passed through City of Phoenix and the Regional Public Transit Authority:				
Federal Transit Formula Grants	20.507	VM-RPTA	2,946,131	
Total Federal Transit Cluster			4,558,092	
Passed through AZ Governor's Office of Highway Safety:				
Highway Safety Cluster				
State and Community Highway Safety	20.600	2016-AL-046	10,455	
State and Community Highway Safety	20.600	2016-PT-042	32,318	
State and Community Highway Safety	20.600	2016-AL-045	75,466	
State and Community Highway Safety	20.600	2016-OP-006	9,188	
State and Community Highway Safety	20.600	2017-PT-058	48,739	
State and Community Highway Safety	20.600	2017-AL-046	36,176	
State and Community Highway Safety	20.600	2017-OP-016	11,563	
State and Community Highway Safety	20.600	2017-CIOT-021	10,000	
National Priority Safety Programs	20.618	2017-405d-034	69,804	
Total Highway Safety Cluster			303,507	
Total Department of Transportation			7,326,104	
<u>National Endowment for the Humanities</u>				
Passed through AZ Humanities Council:				
Promotion of the Humanities Federal/State Partnership	45.129	70402016	1,740	
Total National Endowment for the Humanities			1,740	
<u>Institute of Museum and Library Services</u>				
Passed through State of AZ Library, Archives and Public Records:				
Grants to States	45.310	2016-36001-08	11,908	
Passed through Westchester Library System:				
National Leadership Grants	45.312	LG-07-13-0374-13	1,081	
Total Institute of Museum and Library Services			12,987	
<u>U.S. Department of Health and Human Services</u>				
Passed through the AZ Department of Health Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959		2,276	
Total Department of Health and Human Services			2,276	
<u>Executive Office of the President</u>				
Passed through the City of Tucson:				
High Intensity Drug Trafficking Areas Program	95.001	HT-16-2616	158,262	
Total Executive Office of the President			158,262	
<u>U.S. Department of the Homeland Security</u>				
Passed through AZ Department of Homeland Security:				
Homeland Security Grant Program	97.067	160524-02	4,240	
Homeland Security Grant Program	97.067	150824-01	2,330	
Homeland Security Grant Program	97.067	16-AZDOHS-HSGP-160825-C	68,231	
Homeland Security Grant Program	97.067	16-AZDOHS-HSGP-160825-C	10,073	
Homeland Security Grant Program	97.067	140812-01	111	
Homeland Security Grant Program	97.067	150823-02	164	
Homeland Security Grant Program	97.067	160211-02	346	
Homeland Security Grant Program	97.067	160824-01	85,739	
Homeland Security Grant Program	97.067	160211-01	2,571	
Homeland Security Grant Program	97.067	150823-03	61,242	
Total Homeland Security Grant Program			235,047	
Total Department of the Homeland Security			235,047	
Total Expenditures of Federal Awards			\$19,804,757	\$540,001

See accompanying independent auditor's report on schedule of expenditures of federal awards
and notes to schedule of expenditures of federal awards.

**CITY OF TEMPE, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of City of Tempe, Arizona under programs of the federal government for the year ended June 30, 2017. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the applicable Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2017 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word “unknown” were used.

NOTE 4 – INDIRECT COST RATE

The City has not elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: Yes
- Material weakness(es) identified: Yes

Type of auditor's report issued on compliance for major programs: Unmodified/Qualified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: Yes

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block/Entitlement Grants
14.239	Home Investment Partnerships Program
14.871	Section 8 Housing Choice Vouchers
20.205	Highway Planning and Construction
20.507	Federal Transit Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: Yes

Summary Schedule of Prior Audit Findings required to be reported: Yes

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2017-001
Repeat Finding: Yes – 2016-006
Program Name/CFDA Title: Section 8 Housing Choice Vouchers
CFDA Number: 14.871
Federal Agency: U.S. Department of Housing and Urban Development
Federal Award No.: N/A
Pass-Through Agency: N/A
Questioned Costs: N/A
Type of Finding: Noncompliance, Material Weakness
Compliance Requirement: Special Tests and Provisions

CRITERIA

The Public Housing Agency (PHA)'s administrative plan must state the method used by the PHA to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA determination must consider unit attributes such as the location, quality, size, unit type, and age of the unit, and any amenities, housing services, maintenance, and utilities provided by the owner. The PHA must determine that the rent to owner is reasonable at the time of initial leasing. Also, the PHA must determine reasonable rent during the term of the contract: (a) before any increase in the rent to owner, and (b) at the HAP contract anniversary if there is a five percent decrease in the published Fair Market Rent in effect 60 days before the HAP contract anniversary. The PHA must maintain records to document the basis for the determination that rent to owner is a reasonable rent (initially and during the term of the HAP contract) (24 CFR sections 982.4, 982.54(d)(15), 982.158(f)(7), and 982.507).

CONDITION

The PHA did not implement a compliant rent comparability methodology for examinations as stated in the Administrative Plan.

CAUSE

The City lacked the proper internal controls over the management of the determination of reasonable rent.

EFFECT

The City's methodology to determine rent reasonableness was not in compliance with federal regulations. Moreover, there is the potential that rent could be calculated incorrectly and not be reasonable.

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2017-001

CONTEXT

For 40 of 40 tenant files reviewed, the PHA utilized a third party vendor computerized database where the rent comparability methodology does not compare similar units. Incomplete information related to 'Census Tracts' were on the rent comparability forms. Moreover, the PHA utilized a rent comparability form that uses factors that are not defined correctly. For example, the factor 'Size' only indicated if the unit was small or large, instead of utilizing square footage. As a result of these issues, the PHA is also inconsistently conducting rent reasonableness at every annual reexamination as required in the PHA Administrative Plan.

RECOMMENDATION

The City must update its policy and methodology for determining and documenting rent reasonableness. The PHA must determine whether the rent to owner is a reasonable rent in comparison to rent for other comparable unassisted units and in accordance with the Administrative Plan. The PHA should consider the nine factors addressed in 24 CFR 982.507(b) in the development of their rent reasonableness program and also ensure the third party vendor computerized database includes all necessary data points.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2017-002
Repeat Finding: Yes - 2016-003
Program Name/CFDA Title: Section 8 Housing Choice Vouchers
CFDA Number: 14.871
Federal Agency: U.S. Department of Housing and Urban Development
Federal Award No.: N/A
Pass-Through Agency: N/A
Questioned Costs: N/A
Type of Finding: Noncompliance, Material Weakness
Compliance Requirement: Special Tests and Provisions

CRITERIA

The public housing authority (PHA) is required to enter into depository agreements with their financial institutions in the form required by HUD. The agreements serve as safeguards for Federal funds and provide third-party rights to HUD. Among the terms in many agreements are requirements for funds to be placed in an interest-bearing account (24 CFR section 982.156). Moreover, PHAs are required to maintain complete and accurate accounts. In addition, the PHA must adopt a written administrative plan that establishes local policies for administration of the program in accordance with HUD requirements (24 CFR 982.54).

CONDITION

The PHA did not have a current General Depository Agreement (GDA) (form HUD 51999) as required by the Annual Contributions Contract (ACC, form HUD 52520) for all financial institution accounts where HCV funds are maintained for the entire fiscal year. In addition, the PHA's Administrative Plan was not properly approved in a timely manner.

CAUSE

The City lacked the proper internal controls to ensure compliance with the federal regulations over General Depository Agreement and Administrative Plan.

EFFECT

The City was not in compliance with all special test and provisions requirements.

CONTEXT

An updated GDA was approved in December 2016. In addition, the PHA had been updating the Administrative Plan annually, but was not taking it to HUD or the City council for approval. The City council approved an updated Administrative Plan in March 2017.

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2017-002

RECOMMENDATION

The City must execute an updated General Depository Agreement and Administrative Plan at the beginning of the fiscal year.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2017-003

Repeat Finding: No

<u>Program Names/CFDA Titles:</u>	<u>CFDA Numbers:</u>	<u>Federal Award No.'s:</u>	<u>Questioned Costs:</u>
Community Development Block Grants/Entitlement Grants	14.218	N/A	N/A
HOME Investment Partnerships Program	14.239	N/A	N/A

Federal Agency: U.S. Department of Housing and Urban Development

Pass-Through Agency: N/A for Community Development Block Grants/Entitlement Grants
and Maricopa County for HOME Investments Partnership Program

Type of Finding: Noncompliance, Material Weakness

Compliance Requirements: Subrecipient Monitoring

CRITERIA

Before disbursing any CDBG or HOME funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall include provisions concerning the statement of work, records and reports, program income, and uniform administrative requirements (24 CFR section 570.503). Further, if the subrecipient provides HOME funds to for-profit owners or developers, non-profit organizations, subrecipients, homeowners, homebuyers, tenants receiving tenant-based rental assistance, or contractors, the subrecipient must have a written agreement that contains the applicable provisions in 24 CFR section 92.504(c). Also, in accordance with 2 CFR section 200.331, pass-through entities must monitor activities of the subrecipient to ensure the subaward is properly used.

CONDITION

For subrecipients that received HOME and CDBG monies, the City did not always have written agreements with the subrecipient before disbursing monies. Moreover, proper monitoring of the subrecipient on an annual basis was not performed. Also, the City's subrecipient monitoring tool had not been updated since 2011.

CAUSE

The City lacked the proper internal controls to ensure compliance with subrecipient monitoring.

EFFECT

The City was not in compliance with all subrecipient monitoring requirements.

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2017-003

CONTEXT

For two of three subrecipients that received CDBG monies, monies were disbursed before official contracts/agreements were signed. For all three subrecipients that received CDBG monies and for one subrecipient that received HOME monies, there was a general lack of subrecipient monitoring. First, there were no procedures performed to determine reasonable assurance that the subrecipient administers federal awards in compliance with federal requirement. Additionally, single audit reports were not maintained for the most recent fiscal year.

RECOMMENDATION

The City should enhance its internal controls and monitoring procedures over subrecipients.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2017-004

Repeat Finding: No

Program Name/CFDA Title: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Federal Agency: U.S. Department of Housing and Urban Development

Federal Award No.: N/A

Pass-Through Agency: N/A

Questioned Costs: N/A

Type of Finding: Noncompliance, Material Weakness

Compliance Requirement: Equipment and Real Property Management

CRITERIA

Real Property Management regulations as stated in 24 CFR 570.505 apply to real property within the recipient's control which were acquired or improved in whole or in part using CDBG funds in excess of \$25,000. The following are the requirements for properties that are applicable:

- (a) A recipient may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made unless the recipient provides affected citizens with reasonable notice of, and opportunity to comment on, any proposed change, and either:
 - (1) The new use of such property qualifies as meeting one of the national objectives in §570.208 (formerly § 570.901) and is not a building for the general conduct of government; or
 - (2) The requirements in paragraph (b) of this section are met.
- (b) If the recipient determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify under paragraph (a)(1) of this section, it may retain or dispose of the property for the changed use if the recipient's CDBG program is reimbursed in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property.
- (c) If the change of use occurs after closeout, the provisions governing income from the disposition of the real property in § 570.504(b)(4) or (5), as applicable, shall apply to the use of funds reimbursed.
- (d) Following the reimbursement of the CDBG program in accordance with paragraph (b) of this section, the property no longer will be subject to any CDBG requirements.

CONDITION

The City did not ensure properties purchased with CDBG monies were utilized for their intended purposes in a reasonable amount of time. Additionally, that fact was not communicated to affected citizens with reasonable notice.

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2017-004

CAUSE

The City lacked the proper internal controls over real property management.

EFFECT

The City was not in compliance with federal regulations.

CONTEXT

The CDBG program was not properly utilizing properties purchased with CDBG monies. The City has approximately 10 properties that were purchased between 1998 and 2006 that have not been used for their original purpose. Therefore, the planned use for those properties has not been fulfilled.

RECOMMENDATION

Properties purchased with CDBG must be used for program purposes in a timely manner. For the properties mentioned above, they must be utilized or disposed of under allowable methods.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2017-005

Repeat Finding: Yes – 2016-004

Program Name/CFDA Title: Section 8 Housing Choice Vouchers

CFDA Number: 14.871

Federal Agency: U.S. Department of Housing and Urban Development

Federal Award No.: N/A

Pass-Through Agency: N/A

Questioned Costs: N/A

Type of Finding: Noncompliance, Significant Deficiency

Compliance Requirement: Special Tests and Provisions

CRITERIA

For units under a housing assistance payment contract that fail to meet Housing Quality Standards (HQS), the public housing agency (PHA) must require the owner to correct any life threatening HQS deficiencies within 24 hours after the inspections and all other HQS deficiencies within 30 calendar days or within a specified PHA-approved extension (24 CFR Sections 982.158(d) and 982.404).

CONDITION

The City did not have an internal control system in place to ensure reinspections were performed in a timely manner.

CAUSE

Due to a lack of knowledge and training provided to inspectors, some inspections were not re-examined within the required amount of time as stated in Housing Quality Standards.

EFFECT

Reinspections were not completed within the required time for failed inspections. The City did not have proper internal controls to ensure compliance with enforcement requirements under Housing Quality Standards.

CONTEXT

For two of 10 failed inspections reviewed, the reinspection was not completed within 30 days.

RECOMMENDATION

The City should ensure enforcement of Housing Quality Standards is followed in line with City policy. Staff trainings over compliance should be completed.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2017-006
Repeat Finding: Yes – 2016-007
Program Name/CFDA Title: Community Development Block Grants/Entitlement Grants
CFDA Number: 14.218
Federal Agency: U.S. Department of Housing and Urban Development
Federal Award No.: N/A
Pass-Through Agency: N/A
Questioned Costs: N/A
Type of Finding: Noncompliance
Compliance Requirement: Reporting

CRITERIA

Grantees of the Community Development Block Grant Entitlement Program utilize the Integrated Disbursement and Information System (IDIS) to complete annual performance and evaluation reports. Grantees may include reports generated by IDIS as part of their annual performance and evaluation report that must be submitted for the Program 90 days after the end of a grantee's program year.

CONDITION

The program year 2016 C04PR26 – CDBG Financial Summary Report did not disclose program income or funds disbursed in IDIS for section 108 repayments.

CAUSE

The City has not worked with HUD to ensure proper reporting can be completed related to section 108 repayments.

EFFECT

An incomplete CDBG Financial Summary Report was submitted to the U. S. Department of Housing and Urban Development for the 2016 program year.

CONTEXT

The C04PR26 – CDBG Financial Summary Report is filed annually. The program year 2016 covers the July 1, 2016 – June 30, 2017 time period and was submitted by the September 30, 2017 deadline.

RECOMMENDATION

The City should ensure financial reports are complete and accurate before submission.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2017-007
Repeat Finding: No
Program Name/CFDA Title: HOME Investment Partnerships Program
CFDA Number: 14.239
Federal Agency: U.S. Department of Housing and Urban Development
Federal Award No.: N/A
Pass-Through Agency: Maricopa County
Questioned Costs: N/A
Type of Finding: Noncompliance, Significant Deficiency
Compliance Requirement: Special Tests and Provisions

CRITERIA

During the period of affordability (i.e., the period for which the non-Federal entity must maintain subsidized housing) for HOME assisted rental housing, the participating jurisdiction must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than (a) every 3 years for projects containing 1 to 4 units, (b) every two years for projects containing five to 25 units, and (c) every year for projects containing 26 or more units. The participating jurisdiction must perform on-site inspections of rental housing occupied by tenants receiving HOME-assisted tenant-based rental assistance to determine compliance with housing quality standards (24 CFR sections 92.209(i), 92.251(f), and 92.504(d)).

CONDITION

The City has not been performing on-site inspections within the required amount of time for properties that are in the period of affordability.

CAUSE

Due to turnover at the City, monitoring procedures to ensure compliance were not in effect.

EFFECT

The City was not in compliance with federal regulations.

CONTEXT

For all three properties that are in the period of affordability, the properties required on-site inspections every two years. Prior to the current fiscal year, one property had not had an on-site inspection since 2014 and the other two properties had not had an on-site inspection at all. All three properties have had or are in the process of having on-site inspections in fiscal year 2017.

RECOMMENDATION

The City must ensure on-site inspections are done within required time intervals.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.

City of Tempe
Housing Services
Mail Stop 25-02
PO Box 5002
Tempe, AZ 85280
www.tempe.gov



December 15, 2017

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Naomi Farrell

Naomi Farrell
Human Services Director

**CITY OF TEMPE, ARIZONA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2017**

Findings and Questioned Costs Related to Federal Awards

Finding Number: 2017-001
 Program Name/CFDA Title: Section 8 Housing Choice Vouchers
 CFDA Number: 14.871
 Contact Person: LeVon Lamy
 Anticipated Completion Date: July 26, 2017
 Planned Corrective Action: The Tempe Housing Authority has changed software providers to determine rent comparability. The new software was implemented on July 26, 2017 and has been determined compliant with all guidelines by our HUD Phoenix Field Office Representative. All rent reasonableness determinations as of the implementation date have utilized the new software.

Finding Number: 2017-002
 Program Name/CFDA Title: Section 8 Housing Choice Vouchers
 CFDA Number: 14.871
 Contact Person: LeVon Lamy
 Anticipated Completion Date: February 13, 2017.
 Planned Corrective Action: The Tempe Housing Authority fully executed the required General Depository Agreements (GDA's) for all accounts as required by the Annual Contributions Contract on February 13, 2017. Additionally, updated GDA's were executed on September 7, 2017. The next updated GDA is scheduled to be executed on October 1, 2018 as the HUD Form 51999 is expected to be updated prior to that date. The October execution of the GDA allows for the annual execution to include the most current verbiage from HUD.

Finding Number: 2017-003

<u>Program Names/CFDA Titles:</u>	<u>CFDA Numbers:</u>
Community Development Block Grants/Entitlement Grants	14.218
HOME Investment Partnerships Program	14.239

Contact Person: LeVon Lamy
 Anticipated Completion Date: December 1, 2017
 Planned Corrective Action: Staff began updating policy and procedure manuals around June of 2016 to assess the (then) current process of monitoring sub-recipients. On December 1, 2017 an updated policy and procedure manual was implemented to ensure appropriate sub-recipient monitoring. Additionally, on December 1, 2017 a schedule was created detailing the sub-recipient monitoring risk analysis. To further enhance the oversight and internal controls, the monitoring of sub-recipients was integrated as a primary function of their job duties. There is a quarterly review of all current sub-recipients, when the next monitoring is scheduled and the results of the previous monitoring (if applicable). Additionally, as requests for reimbursement are received from sub-recipients all submitted documentation is reviewed and any questions are addressed at that time. As part of the reimbursement process, we are also monitoring program accomplishments to ensure effective utilization of funds.

**CITY OF TEMPE, ARIZONA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2017**

Findings and Questioned Costs Related to Federal Awards

Finding Number: 2017-004

Program Name/CFDA Title: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Contact Person: LeVon Lamy

Anticipated Completion Date: June 30, 2018

Planned Corrective Action: Staff has updated the policy and procedure manual following best practice and HUD guidance. Any future properties will have an identified and documented eligible activity in place prior to purchase. Additionally, all currently held CDBG properties either have fully executed development agreements or are in the process of negotiating a development agreement. At this time, no properties have been identified as having been used for ineligible purposes and staff is working to ensure the properties fulfill their purpose in a timely manner. It is important to note that the intended purpose of the properties has not changed, and we are continuing with the pursuit of the development of affordable housing.

Finding Number: 2017-005

Program Name/CFDA Title: Section 8 Housing Choice Vouchers

CFDA Number: 14.871

Contact Person: Levon Lamy

Anticipated Completion Date: November 26, 2017

Planned Corrective Action: Tempe Housing Authority has updated its procedures and the HQS Inspector attended a HQS Certification training. Additionally, there is a daily review of any 24/30 failures to ensure that all are being addressed as regulatorily required. Further, an annual training rotation has been implemented, and all HQS inspectors are going to annual Certification Trainings. There are currently 4 staff members scheduled for March 7-9, 2018 for the new UPCS-V standards training. Additionally, the HUD Phoenix Field Office Representative has approved our updated procedures and this item is closed.

Finding Number: 2017-006

Program Name/CFDA Title: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Contact Person: LeVon Lamy

Anticipated Completion Date: June 30, 2018

Planned Corrective Action: Staff will be working with the HUD Phoenix Field Office CPD representative and IDIS technical support to address the Section 108 reporting.

**CITY OF TEMPE, ARIZONA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2017**

Findings and Questioned Costs Related to Federal Awards

Finding Number: 2017-007

Program Name/CFDA Title: HOME Investment Partnerships Program

CFDA Number: 14.239

Contact Person: LeVon Lamy

Anticipated Completion Date: December 1, 2017

Planned Corrective Action: Staff began updating policy and procedure manuals around June of 2016 to assess the (then) current process of on-site multi-family monitoring unit inspections. On December 1, 2017 an updated policy and procedure manual was implemented to ensure appropriate on-site unit monitoring. Additionally, on December 1, 2017 a schedule was created detailing the sub-recipient monitoring risk analysis. To further enhance the oversight and internal controls, the monitoring of multi-family units was integrated as a primary function of their job duties. There is an annual review of all current complexes, when the next monitoring is scheduled and the results of the previous monitoring (if applicable).

**CITY OF TEMPE, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017**

Status of Findings and Questioned Costs Related to Federal Awards

Finding Number: 2016-001

Program Name/CFDA Title: Section 8 Housing Choice Vouchers

CFDA Number: 14.871

Status: Fully corrected.

Finding Number: 2016-002

Program Name/CFDA Title: Section 8 Housing Choice Vouchers

CFDA Number: 14.871

Status: Fully corrected.

Finding Number: 2016-003

Program Name/CFDA Title: Section 8 Housing Choice Vouchers

CFDA Number: 14.871

Status: Partially corrected.

Planned Corrective Action: See Corrective Action Plan located at current year finding 2017-002.

Finding Number: 2016-004

Program Name/CFDA Title: Section 8 Housing Choice Vouchers

CFDA Number: 14.871

Status: Not corrected.

Planned Corrective Action: See Corrective Action Plan located at current year finding 2017-005.

Finding Number: 2016-005

Program Name/CFDA Title: Section 8 Housing Choice Vouchers

CFDA Number: 14.871

Status: Fully corrected.

Finding Number: 2016-006

Program Name/CFDA Title: Section 8 Housing Choice Vouchers

CFDA Number: 14.871

Status: Not corrected.

Planned Corrective Action: See Corrective Action Plan located at current year finding 2017-001.

Finding Number: 2016-007

Program Name/CFDA Title: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Status: Not corrected.

Planned Corrective Action: See Corrective Action Plan located at current year finding 2017-006.