

HOUSING & COMMUNITY DEVELOPMENT



**Lomita De Oro
Los Alamos**



Pacific Glen



Affordable Housing Independent Audit 1993

Findings:

- A. Generally accepted accounting principles and procedures were not used in maintaining the accounting records
- B. This resulted in assets not being recorded in the County's financial management system

Affordable Housing Independent Audit 1993

Problems arose from:

- A. Lack of proper guidance to responsible department for inclusion in the Financial Management system
- B. Lack of accounting knowledge in responsible department
- C. Transfers between departments of responsibility for the program, and
- D. Personnel turnover within department

Affordable Housing Independent Audit 1993

Obstacle	Impact
<p>Lack of clear enforcement and monitoring responsibility</p> <p>Lack of staff to conduct enforcement and monitoring</p> <p>County housing program efforts are inconsistent and unreliable</p>	<p>The County's affordable housing inventory is not being properly monitored or maintained</p> <p>Developers and Residents experience difficulties in marketing and reselling affordable units</p> <p>Program cannot be evaluated and improved</p> <p>Program is not enforced</p> <p>Local lending and development community wary of partnerships</p> <p>Cities may be reluctant to work cooperatively with County</p> <p>Damaged credibility with critical Federal and State agencies</p>

Affordable Housing Independent Audit 1993

Enforcement and Monitoring - The Missing Link

- No clear monitoring and enforcement policies for staff
- No formal structure or administration support for this function

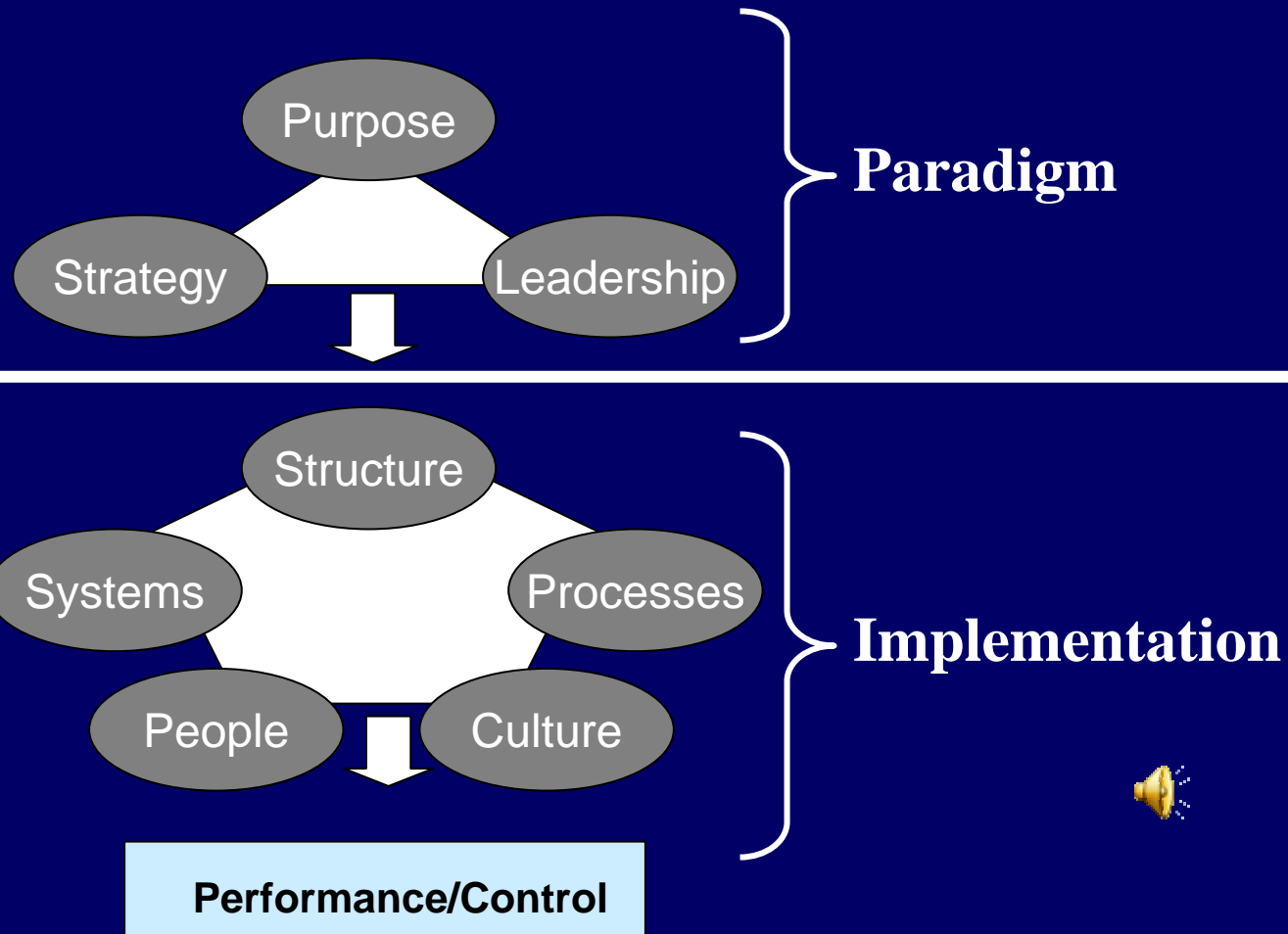
Affordable Housing Independent Audit 1993

A strong and effective enforcement function must be developed

Requirements:

- A. Defined structure
- B. Clear policies
- C. Staff with necessary expertise
- D. Administrative and budget support

Strategy and Performance: A conceptual framework



Strategy and Performance: A conceptual framework



} **Paradigm**



} **Implementation**

Performance/Control

HCD

Process Improvement Strategies

3 Topics:

- ① Audit Report Findings
- ② Corrective Actions Taken to Date
- ③ Future HCD Goals and Strategies

HCD

Process Improvement Strategies

① Audit Report Findings:

- A. Internal Business Processes
- B. Compliance Issues

HCD

Process Improvement Strategies

A. Internal Business Processes:

- Re-engineer HCD's internal processes with a focus on improving:
 - ❖ Accuracy
 - ❖ Timeliness
 - ❖ Management oversight and project monitoring

HCD

Process Improvement Strategies

B. Compliance Issues:

- Review specific violations identified by the audit:
 1. To determine potential enforcement actions
 2. To evaluate the adequacy, clarity, and consistency of current covenants, rules and other HCD internal policies

HCD

Process Improvement Strategies

- ② Corrective Actions Taken to Date:
 - A. Simplified lottery application process
 - B. Residential property management database
 - C. Automated annual survey for all “for sale” units
 - D. Utilization of property research tools to verify income
 - E. Establishment of Violations Committee
 - F. Adoption of owner-occupancy ordinance

HCD

Process Improvement Strategies

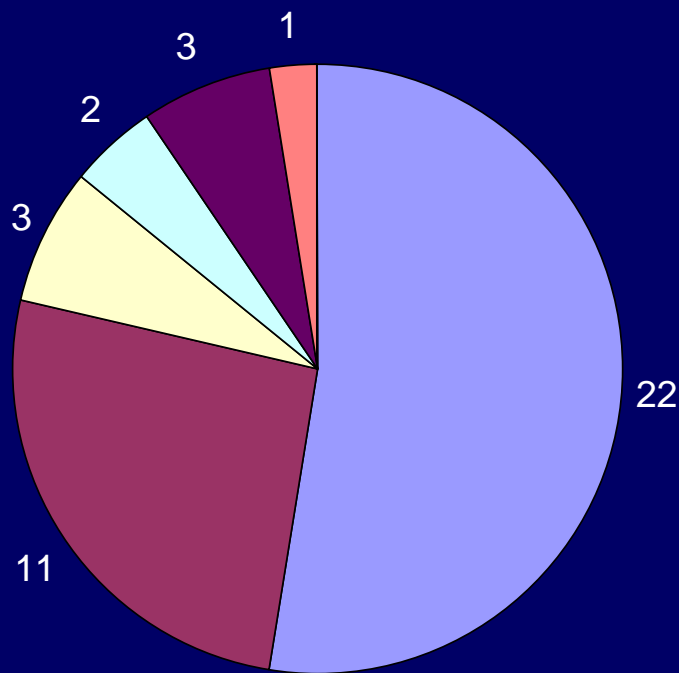
③ Future HCD Goals and Strategies

1. Receive Stakeholders Advisory Group report in May 2007
2. Reallocate resources to add a full-time compliance officer
3. Follow up on audit records
4. Rice Ranch/In lieu fee proposal

HCD

Future Goals and Strategies

Possible Violations



■ Rental of Entire Unit/Not Owner Occupied

■ Partial Rental of Unit

■ Refinanced Above Restricted Value

■ Transfer of Title

■ Purchase of MR Unit

■ City Property Reported to County

Total Cases: 42

HCD

Future Goals and Strategies

City of Santa Barbara Rental Policy

- The unit must be owner-occupied as a principal residence and cannot be rented without written City approval. Owners may rent out rooms *only if* they continue to occupy the unit full time.

THANK YOU

