

Reducing CDBG Administrative Costs

2020 CDBG Best Practices Webinar Series



HUD Welcome

James Höemann, Director Entitlement Communities Division

- Senate appropriations committee request to focus on four topic areas –
 - Prioritizing greatest need activities/projects
 - Grant oversight strategies
 - Reducing CDBG admin costs
 - Leveraging CDBG funds
- Identify creative strategies in these areas
- Provide a platform for our grantees to learn from each other
- Compile a report for Congress

Session Overview and Introductions

Les Warner, ICF

Session Overview

- Learning Objectives

- Participants will learn from program administrators in diverse communities across the country about best practices and unique strategies to reduce CDBG administrative costs.
- Participants will gain understanding of effective, replicable, best practice models to implement in their CDBG programs.

- Agenda

- Introductions
- Panelist Community Presentations
- Q&A

Introductions

- Alem S. Hagos and Elizabeth Weithers, Long Beach, CA
- Andrew M. Friedman, Virginia Beach, VA
- Jennifer Schumann, Salt Lake City, UT

Poll Question

What is the size of your most recent CDBG allocation?

- A. < \$300,000
- B. < \$600,000
- C. < \$999,999
- D. > \$1,000,000

City of Long Beach, California

**Alem S. Hagos, Operations Officer and
Elizabeth Weithers, Administrative Analyst
Long Beach Development Services**

Long Beach, California

- Population: 468,900 (2018)
- Voted one of America's "Most Walkable Cities," Long Beach is comprised of eight distinct neighborhoods and tucked in along the waterfront centrally located to Los Angeles and Orange County.
- 2020 CDBG allocation: \$6,151,677

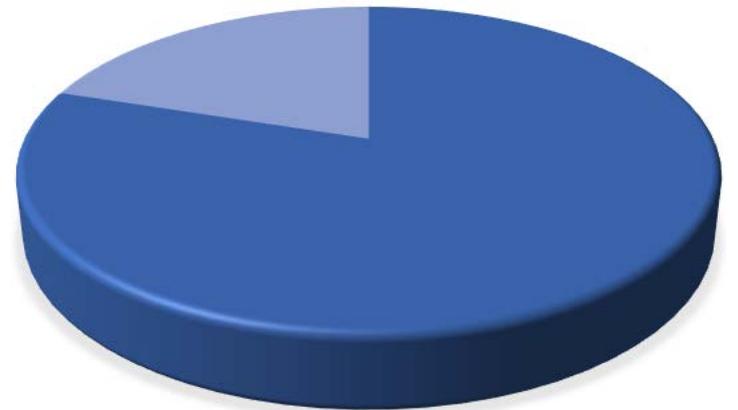


CDBG Administration Cap

- As a grantee, the City of Long Beach believes the 20% admin rate is adequate.
- We do not believe HUD should necessarily reduce or increase the current administration rate.
- Grantees should use all means at their disposal to efficiently spend within the allowable rate, while attempting to reduce administrative expenditures and roll the balance into community development programs.

Opportunity to Maximize Impact

- During public outreach and commission hearings, the City of Long Beach is persistently questioned on the high administration cap.
- Community non-profit agencies question the 20% rate since it is higher than the public services cap of 15%.
- As a result, the City explains the detailed nature of this administrative expense allowance and our effort to reduce costs as much as possible.



How to reduce admin expense without compromising efficient management of CPD grants?

- Negotiate internally with financial management department on indirect rate
- Benefit from administrative infrastructure spread across multiple grant programs
- Saves \$80K - \$90K annually



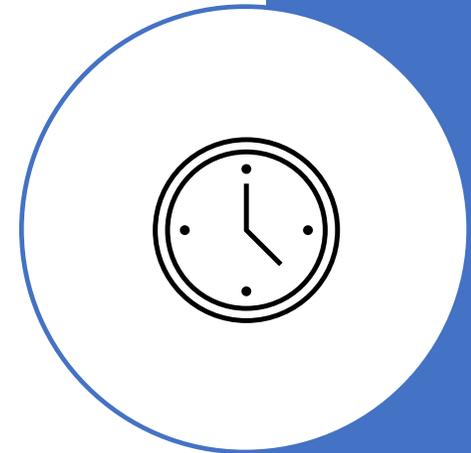
How to reduce admin expenses without compromising efficient management of CPD grants?

- Ensure clarity on activities that qualify as program delivery rather than administrative costs
- Charge all eligible costs to the program
- Document with labor reports



How to reduce admin expense without compromising efficient management of CPD grants?

- Program reporting forms are designed to foster intuitive entry of accomplishment data into IDIS fields
- Thoughtful planning and design saves staff time at the back end



How to reduce admin expense without compromising efficient management of CPD grants?



Multiple grants from a variety of sources address the needs and priorities outlined in the Consolidated Plan



The same team manages all similarly-intended programs



All programs benefit from economies of scale by spreading administrative costs across these grants

Results

- In the last five years, the City of Long Beach has saved 44% of administration costs and has amended those funds to directly benefit low-income households in Long Beach.

	CDBG				Other Funds/ Grants
Year	Allowed	Expended	Percentage Spent	Percentage Saved	Admin Amounts Spent
2014	1,142,207	713,006	62%	38%	371,036
2015	1,128,231	566,636	50%	50%	494,143
2016	1,091,297	610,439	56%	44%	299,814
2017	1,103,242	570,546	52%	48%	293,342
2018	1,219,915	727,316	60%	40%	243,200
Total	5,684,892	3,187,943	56%	44%	1,701,535

Results

Year	Allowed	Expended	Amount Saved
2014	1,142,207	713,006	429,201
2015	1,128,231	566,636	561,595
2016	1,091,297	610,439	480,858
2017	1,103,242	570,546	532,696
2018	1,219,915	727,316	492,599
Total	5,684,892	3,187,943	2,496,949

\$2,496,949

Additional funds directed to programs and projects that benefit the community

Poll Question

Do you document and account for your activity-specific CDBG staff time as program delivery costs?

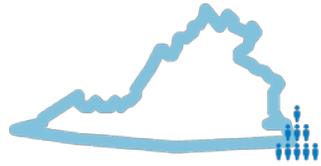
- A. Always
- B. Sometimes
- C. Rarely/Never

Virginia Beach, Virginia

Andrew M. Friedman

Director of Housing and Neighborhood Preservation

About Virginia Beach



450K Population
Largest in VA



182K Housing Units



**Consolidated City /
County Gov't.**



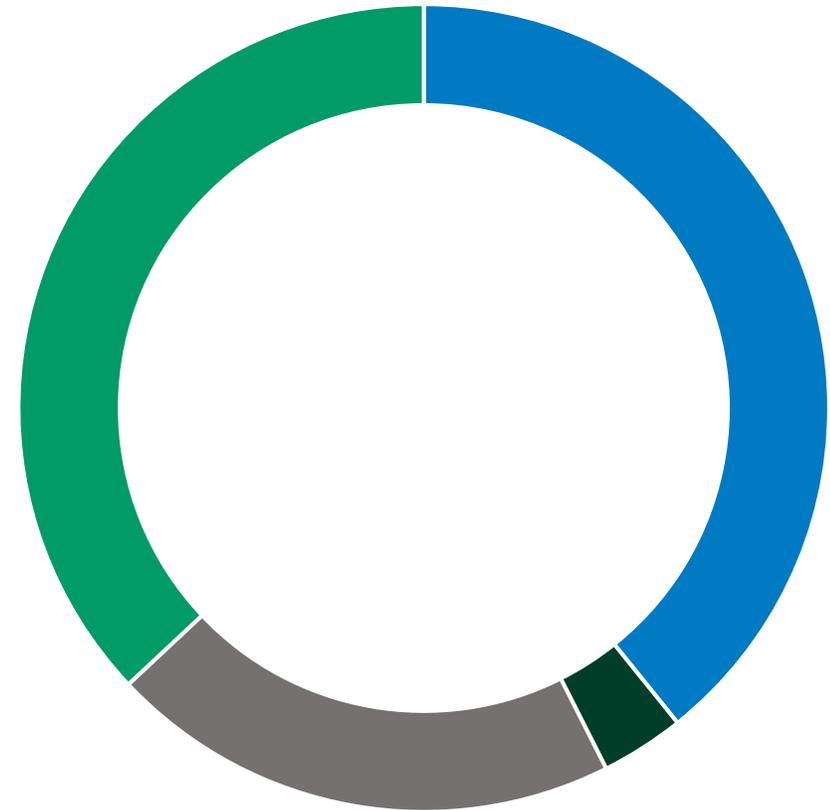
**No separate housing authority -- Dept. of
Housing and Neighborhood Preservation
is a consolidated organization including:**

- HUD “PHA”- Receiving Housing Choice Voucher funding
- HUD entitlement grant agency
- HUD HOPWA regional administrator
- HUD Continuum of Care lead agency
- City code enforcement agency



Approx. Annual HUD Grant Amounts – (Non-CARES)

Grant	FY 19-20 Amount
CDBG	\$2,056,000
ESG	\$ 175,000
HOME	\$1,071,000
HOPWA <i>(for regional use)</i>	\$1,939,000
TOTAL	\$5,241,000



Keys to Effective Use of Admin. Funds

CHALLENGE

Support the staff needed to administer all programs while ensuring funds are used for eligible purposes

SOLUTIONS



Careful attention to allowable uses – study and review regs



Plan, budget and track where all funds are going



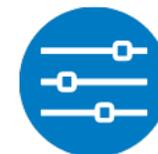
Develop a cost allocation plan and allocate time accordingly



Detailed accounting



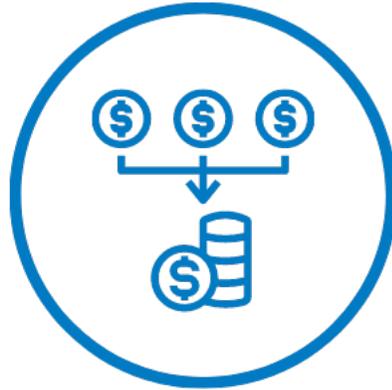
Develop time tracking systems so time spent can be matched with allocated funding



Identify and adjust system if assignments are changed during the year!

Advantages that Help Us Use Funds Efficiently

Multiple programs / multiple sources of admin funds



Some staff with long history / experience

Availability of city general funds to pay for non-HUD-eligible things



Excellent accountant and grants manager

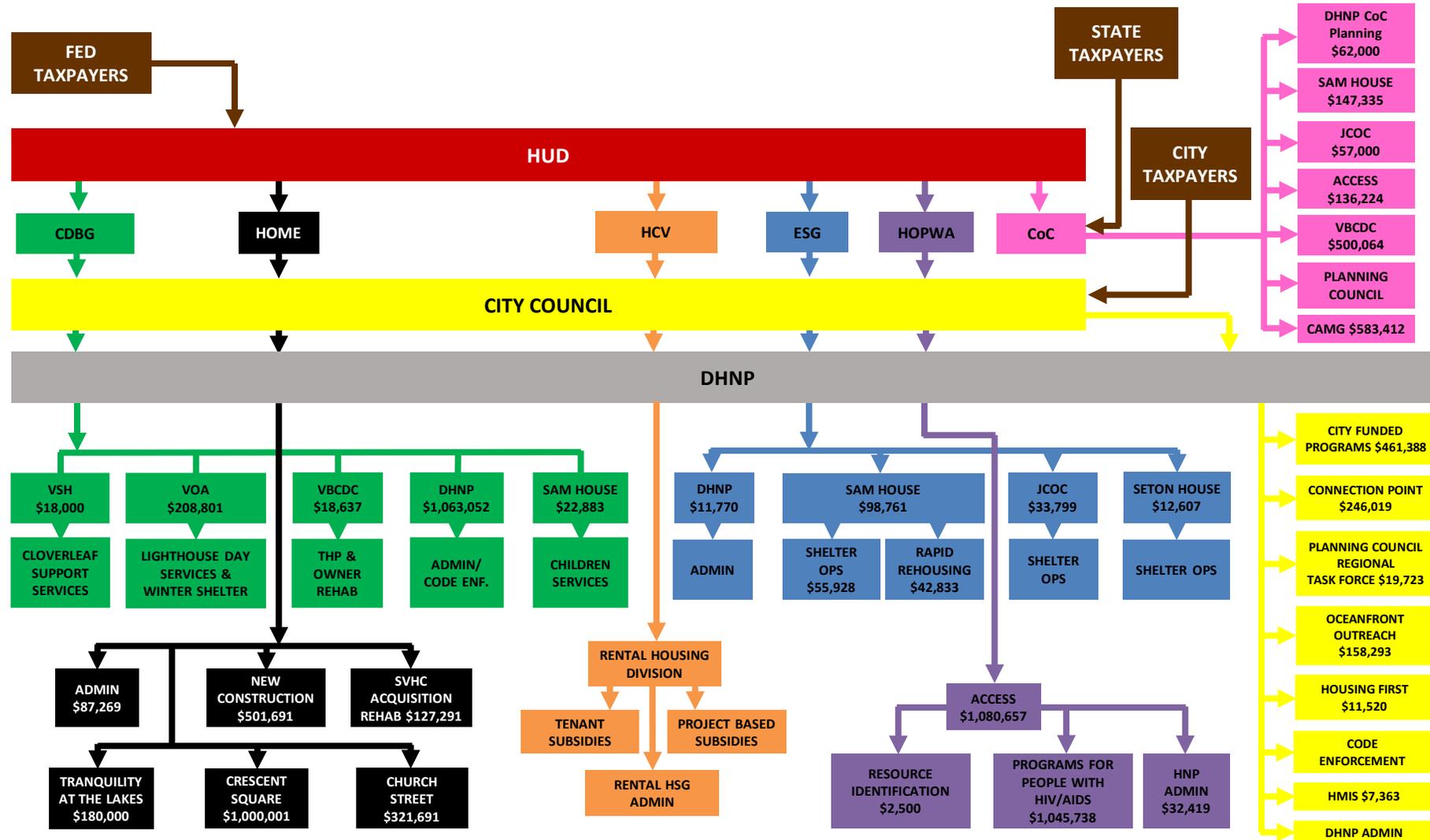
Excerpt from Our CSP Spreadsheet

C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Project Identification and Information			FFY 2019 (FY 2019-2020) ALLOCATED FUNDS							FFY 2019 SUMMARY			FUNDS CARRIED FORWARD AT		
Local ID	HUD	Activity Title and Lead Agency	Housing/ Pub Fac	CDBG Public Services	Admin	HOME	ESG	HOPWA	CITY FUNDS	SUMMARY TOTAL FUNDS	New Funds	Type	-CDBG-	-HOME-	-ESG-
19.001		DHNP - CDBG General Oversight and Administration			\$ 424,097					\$ 424,097		N/A			
		DHNP-Project Reserve (CF)								\$ -		N/A	\$ 75,588		
19.002		Homeless Services-Winter Shelter Program		\$ 140,000						\$ 140,000	288	P			
19.003		Homeless Hotline & Central Intake		\$ 84,958					\$ 112,205	\$ 197,163	9,000	P			
19.004		DHNP - Optional Relocation-City Wide (CF)								\$ -	5	P	\$ 50,000		
19.005		DHNP - Housing Rehabilitation Implementation	\$ 289,092							\$ 289,092	30	N/A			
19.006		DHNP - Code Enforcement	\$ 705,666							\$ 705,666	13,000	HU			
19.007		Samaritan House-Family Shelter Support		\$ 61,955						\$ 61,955	10	P			
19.008		Seton House- Shelter Ops		\$ 10,000						\$ 10,000	10	P			
		PIN - Homeless Services (city funds)							\$ 15,000	\$ 15,000	45	HU			
19.009		DHNP-Owner Occupied Rehab (CF)	\$ -							\$ -		HU	\$ 900,000		
19.010		DHNP - CDBG Housing Opportunity Grant (Afford. Rental Hsg) (New + CF)	\$ 385,241							\$ 385,241	2	HU	\$ 118,000		
18.009		DHNP-Disaster Relief Program (CF)	\$ -							\$ -	30	HH	\$ 865,793		
47.042		CAMG Rental Rehab (CF) CANCELLED FUNDED UNDER HOME								\$ -		HU			
17.013		Seton House - Shelter Rehab (CF)								\$ -	10	HU	\$ 54,000		
18.100		DHNP - HOME Program Administration				\$ 110,711				\$ 110,711		N/A		\$ 15,000	
18.101		DHNP - Rental Security Deposits (P & D & RH)				\$ 97,890				\$ 97,890	20	HH		\$ 20,000	
18.102		DHNP - Tenant Based Rental Assistance (NEW + CF)				\$ 218,510				\$ 218,510	23	HH		\$ 235,000	
16.102		CHDO 16/17 - CAMG (Acq/Rehab for Rental) (CF)								\$ -		HU		\$ 90,000	
17.103		CHDO 17/18 - CHDO (Acq/Rehab for Rental/Homeowner)								\$ -	7	HU		\$ 122,004	
18.103		CHDO 18/19 - CHDO (Acq/Rehab for Rental/Homeowner)								\$ -	7	HU		\$ 180,000	

Our Revenue Allocation Worksheet – about 10 major sources with multiple subsets

DHNP FY 20/21 Budget															
	40952	40140	40160	40110	40120	40300+	40335	40336	40954	40953	40910	40967	40957	40951	Total
	Dir Off	Hsg Dev	Hmlss Srvs	Code	CC	Section 8	SRO-Clover	SRAP	Loan/Grant	HOME	Meters	COC	ESG	HOPWA	
Revenues:															
CDBG	0	277,518			666,308				248,245						2,000,488
CDBG Admin	378,723	0													
CDBG PS		0							315,073						
CDBG COMIT	31,764	10,306			33,695										
CDBG Res	8,643	12,303			17,910										
CITYCOMIT	30,458	22,635			0										53,093
City Reserves	9,656	0													9,656
CDBG-PI					0				100,000						100,000
City -Transfer	319,516	185,297	0		-	80,000							0	0	584,813
City-General Funds	0		4,363,625	1,758,845	0					0	0		0	0	6,122,470
Clearing Contract Admin				22,800											22,800
Towing Contract Admin				5,000											5,000
Clearing Contract-Reimbursement				162,200											162,200
Rental Insp Fees/Meter Collections				50,000							1,000				51,000
VB HOME Now & Planning Grant			37,500									40,181			77,681
Section 8 -Admin						1,478,177									1,478,177
Section 8 - FSS						49,688									49,688
Section 8 - Fraud Recov-Admin						4,500									4,500
Section 8 -Port Admin Fees						169,880									169,880
Section 8 -Cloverleaf Admin Fees							14,935								14,935
Vouchers						17,492,172									17,492,172
Vouchers - Fraud Recov-Voucher						4,500									4,500
Cloverleaf							151,337								151,337
SRAP								1,232,232							1,232,232
Portability						3,395,000									3,395,000
HOME										1,032,111					1,032,111
HOME-PI										100,000					100,000
COC Funds												0			0
HOPWA														1,721,826	1,721,826
ESG													169,775		169,775
Total Revenues	778,760	508,059	4,401,125	1,998,845	717,913	22,673,917	166,272	1,232,232	663,318	1,132,111	1,000	40,181	169,775	1,721,826	36,205,334

VISUALIZING THE FLOW OF FUNDING (not current)



Excerpt from Salary Allocation Worksheet

	A	B	C	J	K	L	M	N	O	P	Q
1	Salary Allocation 20/21 - Percent Allocations										
2	Contract Manpower			1.00	-	-	-	1.00	Cont Man		
3	FTE			19.95	8.30	0.10	0.45	28.80	FTE		
4	Total			20.95	8.30	0.10	0.45	29.80	Total		
5											
6	Budget Un	Employee	PCN	Code	CC	CDBG Admin	City	Total		Code Cost	CC Cost
7	40110	1	1	100.00%	0.00%			100.00%	492.38	\$ 49,238	\$ -
8	40110	2	2	70.00%	10.00%			80.00%	737.02	\$ 51,591	\$ 7,370
9	40120	3	3	2.00%	98.00%			100.00%	645.57	\$ 1,291	\$ 63,266
10	40110	4	4	90.00%	10.00%			100.00%	961.08	\$ 86,497	\$ 9,611
11	40110	5	5	100.00%	0.00%			100.00%	873.02	\$ 87,302	\$ -
12	40110	6	6	100.00%	0.00%			100.00%	456.41	\$ 45,641	\$ -
13	40110	7	7	34.00%	66.00%			100.00%	738.84	\$ 25,121	\$ 48,763
14	40110	8	8	95.00%	5.00%		0.00%	100.00%	577.57	\$ 54,869	\$ 2,888
15	40110	9	9	75.00%	25.00%			100.00%	1,294.58	\$ 97,094	\$ 32,365
16	40110	10	10	23.00%	77.00%			100.00%	845.92	\$ 19,456	\$ 65,136

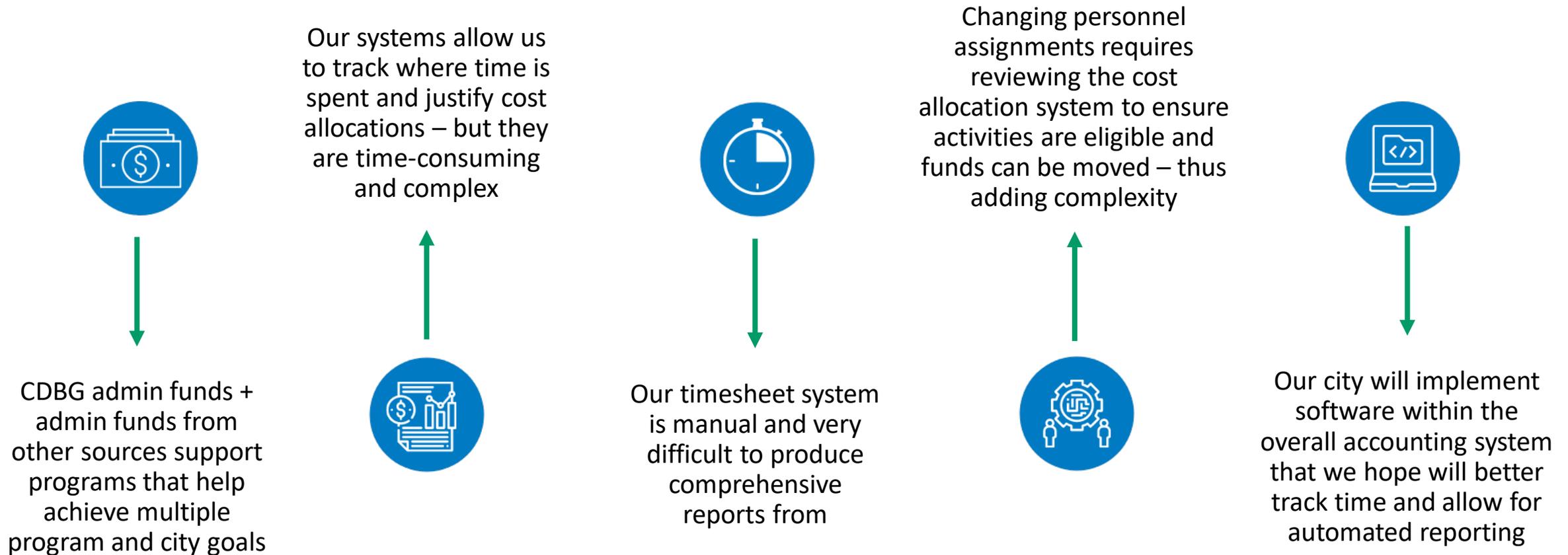
Sample Timesheet

	A	B	C	D	E	F	G	H	I	J
1	Employee		Employee #		DHNP Employee Time Sheet					
2					<i>Director's Office</i>					
3										
4	For Week of:	10/15/20	-	10/21/20						
5		Thur	Fri	Sat	Sun	Mon	Tues	Wed		%
6	Work Category	10/15	10/16	10/17	10/18	10/19	10/20	10/21	TOTAL	
7	City Funds								0	0.00%
8	CDBG Admin								0	0.00%
9	CDBG Rehab Implementation								0	0.00%
10	Section 8/HCV								0	0.00%
11	Home Admin								0	0.00%
12	ESG Admin								0	0.00%
13	HOPWA Admin								0	0.00%
14	COVID-19								0	0.00%
15									0	0.00%
16									0	0.00%

Sample Accounting Report

	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM
1								0.53	0.47	w cont man	-	0.46	0.54	w cont man			-	0.92	0.08	w cot
2							-	0.53	0.47	wo cont man	-	0.53	0.47	wo cont man			-	0.53	0.47	wo con
3							4/30/2020 Report					YTD Expended					Available Funds			
4							10 Months of the Year		83%											
5	YTD Exp	Encumbrance	Funds Available	% Expended	Projected Expenditures	Proj %	CDBG-Admin	CDBG-Rehab Imp	City	Total	CDBG-Admin	CDBG-Rehab Imp	City	Total	% Expended	Projected Expenditures	CDBG-Admin	CDBG-Rehab Imp	City	Total
6																				
7																				
8	210,005.15	-	90,526.85	69.88%	252,006.18		-	160,464.77	140,067.23	300,532.00	-	112,129.25	97,875.90	210,005.15	69.88%	252,006.18	-	48,335.52	42,191.33	90,526.85
9	42,432.65	-	(42,432.65)	0.00%	50,919.18		-	-	-	-	-	4,243.27	38,189.39	42,432.65	0.00%	50,919.18	-	(4,243.27)	(38,189.39)	(42,432.65)
10	252,437.80	-	48,094.20	84.00%	302,925.36	100.80%	-	160,464.77	140,067.23	300,532.00	-	116,372.52	136,065.29	252,437.80	84.00%	302,925.36	-	44,092.25	4,001.94	48,094.20
11																				
12	68,150.23	-	39,101.77	63.54%	81,780.28		-	66,700.02	40,551.98	107,252.00	-	34,356.91	33,793.32	68,150.23	63.54%	81,780.28	-	32,343.11	6,758.66	39,101.77
13	68,150.23	-	39,101.77	63.54%	81,780.28	76.25%	-	66,700.02	40,551.98	107,252.00	-	34,356.91	33,793.32	68,150.23	63.54%	81,780.28	-	32,343.11	6,758.66	39,101.77
14																				
15																				
16	-	-	-	0.00%	-		-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-
17	-	-	-	0.00%	-		-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-
18	-	-	-	0.00%	-		-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-
19	-	-	-	0.00%	-		-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-
20	-	-	-	0.00%	-		-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-
21	370.11	-	1,129.89	24.67%	444.13		-	750.00	750.00	1,500.00	-	185.06	185.06	370.11	24.67%	444.13	-	564.95	564.95	1,129.89
22	2,011.06	-	738.94	73.13%	2,413.27		-	1,457.50	1,292.50	2,750.00	-	1,065.86	945.20	2,011.06	73.13%	2,413.27	-	391.64	347.30	738.94
23	133.25	-	(133.25)	0.00%	159.90		-	-	-	-	-	133.25	-	133.25	0.00%	159.90	-	(133.25)	-	(133.25)
24	-	-	-	0.00%	-		-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-
25	-	-	-	0.00%	-		-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-
26	-	-	-	0.00%	-		-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-
27	2,514.42	-	1,735.58	59.16%	3,017.30	71.00%	-	2,207.50	2,042.50	4,250.00	-	1,384.17	1,130.25	2,514.42	59.16%	3,017.30	-	823.33	912.25	1,735.58

Results and Challenges



Thank you!



Andrew Friedman, Director



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VBgov.com/housing

My thanks to:

- **Mary Michl**, our accountant, who makes the numbers work!
- **Cindy Walters**, our compliance and grants manager, who makes the flow of funds work!
- **Jasmin Ciesielski**, who made this presentation and our communications work!
- And **all our leadership staff**, who make our programs work!

Salt Lake City, Utah

Jennifer Schumann

Deputy Director of Housing & Neighborhood Development

Salt Lake City Overview

- Housing & Neighborhood Development Division oversees housing and community development grants
- Annual CDBG allocation: \$3.5m
- Annual CDBG Program Income: \$1.0m - \$1.5m
- Also administers Emergency Solutions Grant (\$300k), HOME Investment Partnership Program (\$1m + \$1.5m HOME PI), Housing Opportunities for Persons with AIDS (\$500k), HUD-CV (\$7.1m), City Community Grant Program (\$3.4m)



Tell your story

- *Know what it costs to run your programs*
 - Track how many hours are spent working on CDBG, then determine the *fully loaded cost* of those positions
 - Using timesheets or other tracking mechanism will be helpful
 - Know what it costs quarter over quarter, year over year
- *Tell the story: communicate the tasks & associated time to complete the tasks*
 - Help decision makers understand the amount of time and energy that goes into administering successful programs
 - Using a visual aid is helpful – SLC created a week-by-week calendar of all the moving pieces



Focus on building efficiencies

- *How can we become more efficient with administrative tasks?*
 - Think about using grant administrative software system
 - Focus on activities that are not labor intensive
 - Implement a minimum funding level
 - Can you partner with a neighboring community to share some of the administrative tasks, data, etc.?
 - Invest time into making subgrantees more self-sufficient – providing tools for subgrantees to answer their own questions
 - Is every detail a necessary one – weed out: “we’ve always done it this way”
 - Shift away from “single task” employees such as environmental reviews, Davis Bacon, etc.



Thank you!

- *YOU, yes you(!) are the most important piece of this program's success*
- *If you are seeing success at creating efficiencies, please share them – we can all benefit from your experience*
- *Thank you to HUD & ICF for putting on this web series, these are all important topics to consider as we continue to advocate for these programs, create the opportunity for life changing impact, and educate decision makers on all levels*



Collier County, Florida

Les Warner, ICF

Best Practice tips from Collier County, Florida

- Strategic use of consultants
 - Eliminates salary, benefits, and training costs of an FTE
 - Confidence gained from using experts
- General fund support
 - County Attorney's Office reviews written agreements
- Project delivery costs
 - Allowable for project specific activities
 - Requires careful tracking
 - Example: Collier County charges staff time to a project when staff frequently visit the project site

Best Practice tips from Collier County, Florida

- Monitoring unit costs allocated to multiple grants
- Careful project and subrecipient selection
 - Strategic vetting ensures funded activities are completed timely
 - Weeds out problem activities or subrecipients that increase administrative burden

Poll Question

What ways do you reduce CDBG administrative costs?

- A. Our jurisdiction contributes to CDBG Program staff salaries, so that we can use more CDBG funds for program activities.
- B. Our jurisdiction shares the costs of an Environmental Review Officer with regional CDBG grantees.
- C. Our jurisdiction shares the cost of an auditor with other CDBG grantees in the region.
- D. All of the above
- E. Other

Resources

Resources

- CDBG HUD Exchange:
<https://www.hudexchange.info/programs/cdbg/>
- Explore CDBG (other best practices and 101 video modules):
<https://www.hudexchange.info/programs/cdbg/cdbg-ta-products/#all-products>
- CDBG State Guides, Tools, and Webinars:
<https://www.hudexchange.info/programs/cdbg-state/guides/#guides-and-training-manuals>

Q & A

Les Warner, ICF