



U.S. Department of Housing and Urban Development
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March 6, 1998

98-FW-241-1809

MEMORANDUM FOR: David H. Long
Director, Office of Community Planning and Development, 6ID

FROM: D. Michael Beard, District Inspector General for Audit, 6AGA

SUBJECT: Citizens' Complaints
City of Tulsa, Oklahoma
Community Development Block Grant

In response to citizens' complaints, we have reviewed allegations against City of Tulsa, Oklahoma officials. Our objective was to find out whether the citizens have valid complaints and conclude whether the situation warrants an in-depth audit of Tulsa's Community Development Block Grant Program. Citizens alleged that the:

1. City officials administering HUD funds are biased against black elderly and handicapped persons with low incomes. This bias resulted in such persons not getting grants for emergency house repairs.
2. City officials allowed local agencies to misuse and waste grant funds.

To achieve our objective, we talked to complainants, City officials, State of Oklahoma officials, and HUD's community development staff in Oklahoma City, Oklahoma. We reviewed materials provided by complainants, independent audits of the City and local agencies, the City's files on local agencies, and the City's performance reports. We also did a limited review of disbursements to local agencies and visited one contractor to verify meals served. The review covered the 1996 independent audit of the City, 1994, 1995, and 1996 disbursements, and monitoring of local agencies by the City's Urban Development and Finance departments.

If you have any questions, please call Jerry R. Thompson, Assistant District Inspector General for Audit.

SUMMARY

We did not find that officials were biased against low-income minority and handicapped persons. Nor did we find that City officials had allowed local agencies to misuse and waste grant funds.

Therefore, we found no reason to do an in-depth audit of the City's Community Development Block Grant Program.

We did find the City had budgeted over \$275,000 in Community Development Block Grant funds that the City needed to consider for reprogramming to other activities. Two local agencies, the Tulsa Community Action Agency and Neighborhood Housing Services, had not needed funds as officials had anticipated. The Tulsa Community Action Agency operated a Self Employment Entrepreneurial Development System. Neighborhood Housing services provides loans to homeowners to rehabilitate and preserve older established neighborhoods. The City subsequently provided us evidence they had terminated the contract with the Tulsa Community Action Agency and transferred the program to another agency. Also, the City had conditioned funding recommendations for Neighborhood Housing Services based on the resolution of the City's administrative concerns for the program. Since the City has taken corrective action, we are not including a finding and recommendation regarding this matter.

BACKGROUND

Since inception of the Community Development Block Grant Program in 1975, the Program has provided over \$111 million of entitlement funds to undertake and complete community development projects in Tulsa. The amount of entitlement funds available annually to the City has fluctuated from \$9.3 million in 1975 to a low of \$3,065,000 in 1990. Tulsa's allocation for Fiscal Year 1996 was \$4,960,000. Also for 1996, HUD allocated an additional \$1,977,000 to Tulsa from the HOME and Emergency Shelter Grant programs.

The City's staff completed a housing condition survey in 1986 to determine current and future program direction. The survey revealed that the north and west sections of Tulsa had the majority of housing classified as poor. That information still holds true today.

Currently, City officials believe the major program thrust should be to continue previously approved urban redevelopment activities, housing rehabilitation and conservation, and social service programs. While homeownership initiatives are a City priority, the majority of funds for homeownership come from HUD's HOME Program, not entitlement funds for community development.

Complaints resulted from the citizens' concerns and beliefs that:

- Program funds under the auspices of the City of Tulsa have not been audited for any period of time;
- The City's staff have denied grants to low income black and handicapped persons for emergency repairs to north Tulsa houses; and
- One local agency that receives program funds is under investigation by the State of Oklahoma for possible criminal wrongdoing.

RESULTS OF REVIEW

Allegation 1: City's administration of grant funds is biased against black elderly and handicapped persons with low incomes. This bias has deterred such persons from getting grants for emergency house repairs.

CONCLUSION: The allegation is not valid.

Review of the three cases cited by the complainant showed the Tulsa Development Authority, a city agency, had considered the requests and had been correct in denying the home owners grants for emergency repairs. Reasons for the denials are stated below:

- One request was for roof repairs to a garage apartment that was not the property owner's primary residence, which it must be to qualify for grant assistance under rules for the program. An authority official informed the property owner by letter and tried to contact the owner by phone to personally explain why the request was not approved.
- One request was for roof repairs to a primary residence. But, the roof was in such bad shape it could not be repaired. The house needed a new roof. The cost of a roof exceeded the maximum amount of grant funds that are available to one homeowner. Though the owner qualified for a home loan, reportedly, the owner was not interested. The agency's files do show the owner had gotten a \$1,500 grant for a heating system.
- One request was to fix a leaking roof on a primary residence. But, the homeowner had exhausted her fund eligibility under the emergency repair program. She had \$2,000 in repairs done within the last 5 years, \$1,300 for electrical and \$700 for plumbing, which is the maximum amount allowable for 5 years. Authority officials suggested she apply for a home loan, but she was not interested.

Allegation 2: City officials have allowed local agencies to misuse and waste grant funds.

CONCLUSION: The allegation is not valid.

The City has an annual independent audit done that covers federal grants to the City. The City also ensures local agencies funded with grants through the City have independent audits, which the City's Finance Department monitors. City staff persons review reports for findings and monitor findings until they are resolved.

State agencies had investigated one local agency funded with federal funds through the City of Tulsa. Although State auditors questioned over \$600,000 of cost, no significant amount of HUD funds was questioned nor did further investigation result in criminal prosecutions.

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