



**TO: JIM GRAY, MAYOR
URBAN COUNTY COUNCIL**

**FROM: IRENE GOODING, DIRECTOR
DIVISION OF GRANTS AND SPECIAL PROGRAMS**

DATE: JUNE 20, 2016

**SUBJECT: Public disclosure of possible conflict of interest in the
federally funded Community Development Block Grant
Housing Single Family Rehabilitation Program**

Request

Request Council authorization to approve a housing rehabilitation loan to Hazel Brown under the Division of Grants and Special Program's federally-funded Housing Single Family Rehabilitation Program acknowledging a possible conflict of interest and requesting that HUD grant an exception to its conflict of Interest rule

Why are you requesting?

This disclosure of a conflict of interest is made pursuant to the U.S. Department of Housing and Urban Development's (HUD) regulations governing Conflict of Interest in providing assistance under the Community Development Block Grant Program, (CDBG Program), 24 C.F.R. Section 570.611. LFUCG receives funding under HUD's CDBG Program and uses some of these funds for operation of a housing rehabilitation program providing loans to eligible homeowners to address code violations, improve energy efficiency, remediate lead-based paint issues, and to make accessibility improvements.

The Division of Grants and Special Programs received an application on August 21, 2014, for the rehabilitation of her personal residence through the Housing Rehabilitation Program from Hazel D. Brown, an eligible resident who met program eligibility on February 12, 2016. Mrs. Brown is the mother of LFUCG 2nd District Councilmember James Brown. Pursuant to 24 C.F.R. 570.611(b), the general rule is that employees, agents, consultants, officers, or elected or appointed officials of a grantee who (i) exercise or have exercised any functions or responsibilities with respect to CDBG activities, or (ii) who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may not obtain a financial interest or benefit, for themselves or



their immediate family members, from a CDBG assisted activity. HUD may grant an exception to this rule on a case-by-case, pursuant to 24 C.F.R. 570.611(d).

For the reasons listed below, the LFUCG Division of Grants and Special Programs believes that it is appropriate to request HUD to approve an exception to the conflict of interest rule involving Hazel D. Brown's participation under the CDBG program.

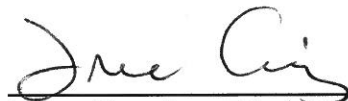
- 1) Hazel D. Brown is an eligible applicant for funding under the CDBG program and the exception will permit her to receive generally the same benefits as are being made available to other eligible applicants. Further, she has been required to go through the same application process as other applicants, receiving no preferential treatment based on her familial relationship with a LFUCG Councilmember. In addition, Mrs. Brown's household consists of only herself and is separate from her son (i.e. her son does not live with her).
- 2) Determination of eligibility and allocations of CDBG assistance for individual households are not presented to LFUCG Council for approval.
- 3) The Department of Law has reviewed all documentation for Ms. Brown's application and issued a legal opinion that a conflict of interest does exist; however, the application does not violate State or local laws, and that it is appropriate to request an exception.

What is the cost in this budget year and future budget years?

Not applicable.

File Number: 0770-16

Director/Commissioner: Gooding/Hamilton



Irene Gooding, Director