



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
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Office of Community Planning & Development  
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[www.hud.gov](http://www.hud.gov) ♦ [espanol.hud.gov](http://espanol.hud.gov)

July 1, 2025

Douglas J. Hewett, City Manager  
City of Fayetteville  
433 Hay Street  
Fayetteville, NC 28301-5537

**Re: Resolution of Findings for IDIS Activity Numbers 1407 and 1563**

Dear Mr. Hewett:

We thank the City of Fayetteville for its correspondence received on May 29, 2025, to address the HOME Program findings issued outside of monitoring on March 10, 2025. We have reviewed your submission and offer the following comments:

**Finding 1:** The City of Fayetteville did not execute valid HOME written agreements with the homeowners and therefore did not have authority to expend grant funds on IDIS activity #1407 and IDIS activity #1563.

**Criteria:** [24 CFR 92.504\(c\)\(5\)\(ii\)](#) and [24 CFR 92.254\(b\)](#).

**Required Corrective Action:**

- 1. The City must repay a total of \$198,009.14 of HOME funds expended for the subject activities (\$152,022.69 for IDIS Activity #1407 and \$45,986.45 for IDIS Activity #1563). These repayments must be made with non-federal funds and must occur in accordance with the requirements found at 24 CFR 92.503(b). For guidance and instructions for the repayment process, please refer to [HOME FACTS - Vol. 7 No. 1, January 2016 \(Revised February 2019\) \(hud.gov\)](#).*

**Fayetteville's Response:**

The City would like to request an alternate corrective action and cancel the two HOME activities in IDIS. The two activities were funded using HOME program income and no funding was drawn from the City's Treasury account. The City is requesting to repay the local HOME account, cancel the two activities, and apply the repayment to future HOME eligible activities. The City intends to fund these activities with CDBG funds under their CDBG-funded Emergency Housing Repair Program.

**HUD's Response:**

HUD will allow Fayetteville to make the required repayment (\$152,022.69 for IDIS Activity #1407 and \$45,986.45 for IDIS Activity #1563) to its local HOME account using non-federal funds.

HUD issued guidance provided in [HOME FACTS - Vol. 7 No. 1, January 2016 \(Revised February 2019\) \(hud.gov\)](#) allows activities funded with program income to be repaid to the PJ's local HOME account. Please provide confirmation of repayment to this office within 30 days of receipt of this letter. Once the notification of repayment has been received, Fayetteville will be able to cancel the activities in IDIS. The City may then create new activities using CDBG funds if it is established that the activities meet CDBG program eligibility requirements.

2. *The City must develop policies and procedures to ensure compliance with commitment requirements (24 CFR 92.2).*

**Fayetteville's Response:**

The City has developed written policies and procedures regarding HOME commitment requirements at 24 CFR 92.2.

**HUD's Response:**

The City must submit a copy of its updated policy regarding the commitment of HOME program to this office for review. Please provide documentation to this office within 30 days of receipt of this letter.

3. *The City must develop proper financial controls to ensure funds are not drawn prior to a valid HOME commitment; and*
4. *The City must develop policies and procedures to ensure HOME funds are not drawn before a valid HOME written agreement is executed for a specific local project (24 CFR 92.502);*

**Fayetteville's Response:**

There are systematic changes in IDIS that helps to ensure that activity set up occurs with a valid executed HOME commitment date that staff understands and has operationalized that. The City and Finance department are creating policies and procedures around HOME draws that will be established by June 30, 2025. The City utilizes outside legal counsel to develop all HOME affordable housing development agreements and has a HOME written agreement template for homebuyer assistance.

**HUD's Response:**

The City must submit a copy of its updated policy regarding HOME drawdowns to this office for review. Please provide documentation to this office within 30 days of receipt of this letter.

5. *The City must develop rehabilitation standards in accordance with the [24 CFR 92.251\(b\)](#); and*
6. *The City must develop policies and procedures to ensure they are determining the scope of work for rehabilitation projects in accordance with [24 CFR 92.251\(b\)\(3\)](#); and*
7. *The City must develop written agreement templates for their homeowner rehabilitation program that comply with [24 CFR 92.504\(c\)\(5\)\(ii\)](#); and*

**Fayetteville's Response:**

The City no longer has a HOME Housing Rehabilitation Program.

**HUD's Response:**

HUD acknowledges that the City is no longer carrying out housing rehabilitation activities using HOME funds. If Fayetteville reestablishes its homeowner rehabilitation program in the future, it must satisfy the requirements under items 5, 6, and 7 of this corrective action.

8. *City staff administering the HOME program should take the web-based comprehensive HOME program training. The training can be found here: [Building HOME Online Training - HUD Exchange](#).*

**Fayetteville's Response:**

The City staff administering the HOME programs have completed the Building HOME Online training. The City provided a list of staff and have incorporated this training as a part of their new staff onboarding.

**HUD's Response:** HUD acknowledges that the City has completed this requirement.

This finding will remain open until all components of the correction action have been completed. We thank you for your cooperation and assistance in attempting to resolve this open finding. Please contact Alisha Doulen at (336) 851-8042 or [Alisha.W.Doulen@hud.gov](mailto:Alisha.W.Doulen@hud.gov), if we can be of any assistance regarding this matter.

Sincerely,

Tasleem Albaari  
Acting CPD Director  
Greensboro Field Office  
Office of Community Planning and Development

Cc: Christopher Cauley, ECD Director  
Albert Baker, ECD Asst. Director  
Michelle Haire, ECD Business Manager