



To: City Council
City of Fayetteville
433 Hay Street
Fayetteville, NC 28301

From: Civitas LLC
600 Salty Alley
Mount Pleasant, SC 29464

February 12, 2026

RE: Civitas Technical Assistance Services for the City of Fayetteville

This memorandum provides a summary of the technical assistance, policy development, and compliance-related services that Civitas has provided to the City of Fayetteville in support of its Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs. Civitas was initially retained to conduct a comprehensive review and update of the City's federally funded housing and community development programs to strengthen administrative procedures, internal controls, and regulatory alignment. This engagement was not solely focused on HUD's issuance of HOME monitoring findings, but Civitas' technical assistance has supported the City in implementing corrective actions.

Although Civitas has provided broader consulting and administrative support across CDBG, HOME, and ESG programs, the summary below highlights the work most directly associated with the HOME findings and related efforts to strengthen the program.

Corrective Actions Related to HUD Findings

HOME Rehabilitation Program Finding

The City formally terminated the HOME-funded rehabilitation program, thereby eliminating the need for a HOME rehabilitation agreement structure associated with the finding. The activity was replaced with a CDBG-funded Emergency Home Repair Program administered under revised CDBG policies and procedures. This structural change resolved the compliance concern tied to the original HOME-funded rehabilitation framework.

Habitat for Humanity CHDO Project Finding

The HOME Agreement associated with the Habitat CHDO project was reviewed and revised to ensure compliance with applicable HOME regulations. The updated agreement now incorporates all required HOME regulatory provisions governing project development, affordability, and compliance oversight.

Civitas performed the below actions in coordination with City staff to directly address HUD regulations and requirements and to strengthen long-term compliance systems.



Community Development Block Grant (CDBG) Program Support

- Conducted technical review of the Nehemiah Project Rehabilitation Program structure, eligibility framework, and documentation standards; provided recommendations and developed program tools to support compliant administration.
- Reviewed and provided compliance guidance for the City's CDBG-funded Emergency Home Repair Program to ensure alignment with CDBG eligibility requirements and federal regulations.
- Provided technical assistance related to activity setup, documentation standards, financial management considerations, and regulatory interpretation under 24 CFR Part 570.

HOME Investment Partnerships (HOME) Program Support

- Conducted review and revision of HOME policies and procedures to align with current regulatory requirements.
- Updated the City's process for awarding HOME funds to Habitat for Humanity, including revision of the HOME Agreement to incorporate all applicable regulatory provisions.
- Drafted Standard Operating Procedures (SOPs) for:
 - HOME-funded purchase assistance activities
 - HOME-funded homebuyer underwriting
- Provided Community Housing Development Organization (CHDO)-related support:
 - CHDO application templates
 - CHDO eligibility and certification checklists
 - Underwriting guidance for CHDO development projects
- Provided underwriting technical assistance for:
 - Habitat for Humanity projects
 - HOME-assisted projects layered with Low-Income Housing Tax Credits (LIHTC)
 - CHDO-sponsored development activities

Cross-Cutting & Financial Management Support

- Financial Management & Federal Compliance Training, emphasizing HUD-funded programs
- Delivered IDIS training and IDIS technical support across CDBG, HOME, and ESG programs
- Provided technical assistance related to program income, underwriting, compliance documentation, and federal regulatory interpretation as requested by City staff

Through the comprehensive review and revision of CDBG and HOME policies, procedures, agreements, and administrative processes, the City has strengthened its compliance framework and implemented corrective measures responsive to HUD's monitoring findings. Based on the scope of services provided and the program materials reviewed and updated, the City's CDBG and HOME program documentation and administrative structures are aligned with applicable HUD regulatory requirements. Please let us know if additional clarification or documentation would be helpful.

Sincerely,

Karl Erich Chatham

Erich Chatham
Civitas, LLC

Erich.Chatham@civitassc.com | (843) 573-7825