



Employ Milwaukee Administrative Memo		
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Dissemination	<input checked="" type="checkbox"/> Internal	<input checked="" type="checkbox"/> External

**TO:** U.S. Dept. of Labor YouthBuild Providers and Employ Milwaukee Staff

**FROM:** Peter Coffaro, Vice President of Programs

**RE:** Maintaining and Monitoring Records for Properties Constructed/Rehabilitated with YouthBuild Funds

**PURPOSE:** This memorandum communicates funding restrictions with relation to the YouthBuild Program. In addition, proper procedures for EMI Monitoring of, and Providers responsibilities for maintaining, records related to properties that have been constructed or rehabilitated utilizing DOL YouthBuild Funding.

**REFERENCES:** YouthBuild FOA-ETA-18-04  
 20 CFR 688.610  
 20 CFR 688.610(b)  
 20 CFR 688.730(a)

**BACKGROUND:** 20 CFR part 688.610 specifies , “(b) Grantees must maintain such additional records related to the use of buildings constructed or rehabilitated with YouthBuild funds as specified in the grant agreement or in the Department's guidance.”

**ANALYSIS:** The Department of Labor has made known that it interprets the above citation to mean that all YouthBuild Grantees/Providers, and the pass through entity (EMI), will have both written procedures for Monitoring the maintenance of records related to properties that are constructed or rehabilitated with YouthBuild funds **AND** have specific written guidance with relation to the Federal Awards mandates.

**POLICY:** To meet the above requirements, Employ Milwaukee hereby issues this Admin. Memo, effective as of the issued date above.

With respect to all providers of the YouthBuild grant, including all Employ Milwaukee staff, the following will apply and, for YouthBuild specifically, the following will serve as a supplement to each provider’s written procedures:

**20 CFR part 688.730**

(a) YouthBuild grantees must ensure that all residential housing units which are constructed or rehabilitated using YouthBuild funds must be available solely for:

- (1) Sale to homeless individuals and families or low-income families;
- (2) Rental by homeless individuals and families or low-income families;

**(3)** Use as transitional or permanent housing for the purpose of assisting in the movement of homeless individuals and families to independent living. In the case of transitional housing, the unit(s) must be occupied no more than 24 months by the same individual(s); or

**(4)** Rehabilitation of homes for low-income homeowners.

**(b)** For rentals of residential units located on the property which are constructed or rehabilitated using YouthBuild funds:

**(1)** The property must maintain at least a 90 percent level of occupancy for low-income families. The income test will be conducted only at the time of entry for each available unit or rehabilitation of occupant-owned home. If the grantee cannot find a qualifying tenant to lease the unit, the unit may be leased to a family whose income is above the income threshold to qualify as a low-income family but below the median income for the area. Leases for tenants with higher incomes will be limited to not more than 2 years. The leases provided to tenants with higher incomes are not subject to the termination clause that is described in paragraph (b)(2) of this section.

**(2)** The property owner must not terminate the tenancy or refuse to renew the lease of a tenant occupying a residential rental housing unit constructed or rehabilitated using YouthBuild funds except for serious or repeated violations of the terms and conditions of the lease, for violation of applicable Federal, State, or local laws, or for good cause. Any termination or refusal to renew the lease must be preceded by not less than a 30-day written notice to the tenant specifying the grounds for the action. The property owner may waive the written notice requirement for termination in dangerous or egregious situations involving the tenant.

**(c)** All transitional or permanent housing for homeless individuals or families or low-income families must be safe and sanitary. The housing must meet all applicable State and local housing codes and licensing requirements in the jurisdiction in which the housing is located.

**(d)** For sales or rentals of residential housing units constructed or rehabilitated using YouthBuild funds, YouthBuild grantees must ensure that owners of the property record a restrictive covenant at the time that an occupancy permit is issued against such property which includes the use restrictions set forth in paragraphs (a), (b), and (c) of this section and incorporates the following definitions at § 688.120: Homeless individual, Low-income family, and Transitional housing. The term of the restrictive covenant must be at least 5 years from the time of the issuance of the occupancy permit, unless a time period of more than 5 years has been established by the grantee. The Department advises that any additional stipulations imposed by a grantee or property owner be clearly stated in the covenant.

**(e)** Any conveyance document prepared in the 5-year period of the restrictive covenant must inform the buyer of the property that all residential housing units constructed or rehabilitated using YouthBuild funds are subject to the restrictions set forth in paragraphs (a) through (d) of this section.

**Monitoring and Documentation Requirements**

It is required during any YouthBuild Fiscal Monitoring that the following process occur during the Monitoring Engagement:

The Employ Milwaukee Fiscal Monitor, during the entry meeting, will ensure that questions related to any purchase, sale, or rental of YouthBuild properties are explored.

If a sale, purchase, or rental of a property is disclosed, then the YouthBuild Fiscal Monitor will note such occurrence within the EMI Fiscal Monitoring Evaluation Tool; specifically, within Section 3: General Ledger/AP Review part (f). Whereas, all relative YouthBuild Specific requirements are to be listed.

The Fiscal Monitor will then determine required documentation for review and devise any testing that must occur based on any YouthBuild criteria noted.

With regards to the disclosed sale or rental of any property that was constructed or rehabilitated with YouthBuild funding, either in whole or in part, the Fiscal Monitor will be required to ensure that the property owner engaged in the sale or rental of the property has documentation substantiating the following:

- A) that the home was sold/rented to a homeless individual, a homeless family, or to a low-income family;
- B) the amount and disposition of proceeds (if any) related, from financing or sale, obtained in connection with the YouthBuild program, e.g., housing sales to eligible low-income families, property use/sales to other public or private entities

In addition, in the event of sale of any property that was constructed or rehabilitated with YouthBuild funding, either in whole or in part, the Fiscal Monitor will be required to ensure that the property seller ensured recording a restrictive covenant at the time that an occupancy permit was issued against the property; which must include the use restrictions set forth in paragraphs (a), (b), and (c) of 20 CFR part 688.730 and incorporates the following definitions at § 688.120: Homeless individual, Low-income family, and Transitional housing. The term of the restrictive covenant must be at least 5 years from the time of the issuance of the occupancy permit.

A **restrictive covenant** is any type of agreement that requires the buyer to either take or abstain from a specific action. In real estate transactions, **restrictive covenants** are binding legal obligations written into the **deed** of a property by the seller.

The provider (property seller) must be able to supply a copy of the deed of sale that incorporates the restrictive covenant as noted above.

The **deed of sale** is a legal, binding document proving that both buyer and seller have reached an agreement of sale or purchase of an immovable property.

**RESPONSIBILITY:** It is the responsibility of grant recipients to ensure that processes and procedures are in place to provide readily auditable documentation that meet the requirements as noted within this Administrative Memo and per the regulations set forth for the YouthBuild program.

**REQUIRED ACTION:** All providers will immediately distribute this memo to all staff that have a responsibility with relation to the YouthBuild program. Further, all providers will ensure that they have the proper written procedures for staff to ensure that documentation is readily available in accordance with this Administrative Memo.

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**ATTACHMENT(S):** None