

Housing & Community Development Department Conflict of Interest Policy Summary

Conflict of Interest is defined as “a real or seeming incompatibility between a person’s private interests and his or her public of fiduciary duties.”

Regulatory information is found at §570.611. (See attached.)

In general, no person who is an employee, agent, consultant, officer, or an elected or appointed official of a CDBG recipient (including a grantee such as the city) or sub-recipient may have a financial interest or financially benefit from a CDBG activity.

Advisory Members

If any Community Grants Advisory Commissioner serves on a non-profit board or committee, and that agency applies for CDBG/CSG funding, the Commissioner will be asked to abstain from any discussions and funding vote for that agency. Members must follow applicable City, State and Federal requirements for Conflict of Interest.

In other words, it is inappropriate for a Commissioner to “lobby” for an applicant or attempt to influence the Commission to fund any agency in which the Commissioner has an affiliation.

Advisory members receive this information in their CGAC guidebook at the beginning of each program year term and reminded of program and city policy prior to subrecipient determinations. Training is provided to new and returning members by City Staff. The City Secretary’s Department provides Open Government Training required by the state for new members. A form is also used for disclosure under their office.

Subrecipients

Subrecipients must comply with all federal, state and local conflict of interest laws, statutes and regulations, and said laws shall comply with all parties and beneficiaries under their contract agreements, as well as to all officers, employees and agents.

Subrecipients receive this information at the time of grant application, it is explained at the annual contract meeting and it is noted in the contract.

Applicants are provided notice with the CDBG application process and training is provided to agencies annually.

Housing Services Division

During the processing period of applications, staff conducts searches which include HUD regulations (i.e. income determinations, environmental, lead-based paint, conflicts, etc.), title searches, and other various authorizations to determine eligibility. The Department’s Housing Services Grievance Policy advises how to notify the applicant/recipients of concerns or grievances.

HUD REGULATIONS

Sec. 570.611 Conflict of interest.

(a) *Applicability.* (1) In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, shall apply.

(2) In all cases not governed by 24 CFR 85.36 and 84.42, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or by its subrecipients to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to Sec. 570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to Sec. 570.203, 570.204, 570.455, or 570.703(i)).

(b) *Conflicts prohibited.* The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decisionmaking process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such financial interest or benefit during, or at any time after, such person's tenure.

(c) *Persons covered.* The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of subrecipients that are receiving funds under this part.