



**U.S. Department of Housing and Urban
Development**
Houston Field Office, Region VI
Office of Community Planning & Development
1301 Fannin, Suite 2200
Houston, Texas 77002
(713) 718-3199 - FAX (713) 718-3255
www.hud.gov

SEP 03 2013

Mr. David Turkel, Director
Harris County Community Services Department
Harris County
8410 Lantern Point Drive
Houston, TX 77054

Dear Mr. Turkel:

SUBJECT: Program Year (PY) 2012 End Review Letter
(March 1, 2012 through February 29, 2013)
Harris County, Texas

P&D

The purpose of this letter is to share with you the conclusions of the Annual Community Assessment conducted by this office of the programs covered by Harris County's Consolidated Plan. This review examines information provided by the County through the Consolidated Annual Performance and Evaluation Report (CAPER) and the Integrated Disbursement Information System (IDIS), as well as administrative reviews conducted by this office during the course of the program year. Through this performance review, we were able to combine statutory and regulatory requirements for evaluating program progress and program management. In addition, we must determine whether the County has the continuing capacity to effectively implement and administer the programs for which federal assistance is received. The information provided in the CAPER for this and past program years was examined for compliance with statutory and regulatory requirements established at CFR 24 Parts 91.520 and 91.525.

SEP 6 2013

This office congratulates Harris County's progress and accomplishments during the past year on meeting stated goals and objectives of the PY 2012 Action Plan and the Harris County Consolidated Plan (2008- 2012). Harris County was awarded the following funds for PY 2012:

Community Development Block Grant (CDBG)	\$ 10,400,428
HOME Investment Partnerships Act (HOME)	\$ 2,012,116
Emergency Solutions Grant (ESG)	\$ 853,881

Additionally, during PY 2012 Harris County expended funds awarded in prior years from the American Recovery and Reinvestment Act of 2009 (ARRA) for the Community Development Block Grant – Recovery Act (CDBG-R), the Homelessness Prevention and Rapid Re-housing Program (HPRP) and the Neighborhood Stabilization Program (NSP 1) and Neighborhood Stabilization Program (NSP 3)

A review of the CAPER reflects the following:

Primary Benefit: In PY 2012, Harris County expended 98.51% of its CDBG funds for activities that benefit low-moderate-income (LMI) persons. Harris County exceeded the 70%, three year minimum standard for overall program benefit, therefore is in compliance with regulations at 24 CFR 570.200(a)(3).

Overall Progress: HUD's CDBG timeliness standard, at 24 CFR 570.902(a)(1)(i), states that 60 days before the end of the program year, a grantee must not have more than 1.50 program years of grant funds in its line of credit. The 60-day test conducted on February 29, 2013 (per IDIS PR56), reflects the drawdown ratio was 1.40 and consequently in compliance with HUD's timeliness standards.

Planning and Administration: The County expended a total of \$2,089,529.00 (per IDIS PR26) of CDBG funds awarded on planning and administration. Harris County expended 20% of the funds awarded and are in compliance CDBG regulations at 24 CFR 570.200(g).

Public Service: The amount of funds expended on public service activities only applies to CDBG. The County served a total of 4,308 low-income persons through public service projects. The County's public service funds were expended at 15%. The County expended a total amount of \$922,482.29 for public service. Harris County is found to be in compliance with public service cap of 15% in accordance with 24 CFR 570.201(e)(1).

CDBG expenditures for PY2012 according to priority need area:

Area	Percentage
Infrastructure	46.98%
Housing	28.14%
Public Services	9.31%
Homelessness	3.78%

Home Program: HOME Regulations require funds be committed/obligated within 24 months after the last day of the month in which HUD notifies the recipient of HUD's execution of the grant agreement in accordance with (24 CFR 92.500(d) (1) (B)). Furthermore, recipients are required to totally expend funds within five years of the grant award (24 CFR 92.500(d) (1) (C)). Additionally, 15 percent, at a minimum, of those funds are to be reserved for and used by Community Housing Development Organizations (CHDOs) as required by 24 CFR 92.300(a)(1).

Harris County is in compliance with HOME program regulations.

For PY 2012, HOME activities assisted 122 low-income households with housing related services. Some of the services provided are as follows:

Project Title	Households Assisted
Harris County CSD – Down payment Assistance	92
Rehabilitation – Single Unit Residential	20

Emergency Solutions Grant:

Harris County assisted 11,192-homeless persons with shelter and supportive services with ESG funding. Funds were expended for Shelter/Street Outreach and Homeless Prevention/Rapid Rehousing according to Hearth Act amended spending caps.

American Recovery and Reinvestment Act of 2009:

CDBG- R - In PY 2012, Harris County expended the balance of funds, \$217,483, for a fourth project with Harris County Water Improvement District No. 36 (WCID), the Mary Eleanor and Mary Frances Sanitary Sewer System project. The funds were 100% expended during PY12 for this grant.

HPRP – Harris County expended \$891,167.85 and assisted 331 households for financial assistance, housing relocation and stabilization services, and data collection and evaluation during PY12. The County has expended 100% of these funds awarded for this grant.

NSP 1 – Harris County acquired 15 single-family, vacant, foreclosed homes during the PY 2012. The County sold 9 homes during PY 2012 to eligible NSP homebuyers. The County has expended a total of \$16,570,480 including program income and acquired a total 123 single-family, vacant, foreclosed homes since the funds were awarded. To meet the 25 percent set-aside required the program assisted with the funding of \$4,450,000.00 for the construction of an 88-unit senior living facility, Cypresswood Estates.

NSP 3 - Funds were expended to acquire 9 single-family, vacant, foreclosed homes in the amount of \$858,566.00. The program sold one property during PY12.

Neighborhood Revitalization Strategy Area (NRSA):

The County has provided a detailed summary of accomplishments in the CAPER. The benchmarks are not compared to the accomplishments in this report. This report identified improvements that include sidewalks, street lighting, bus shelters, crosswalks medians, bicycle parking areas, signal upgrades and intersections signals. The water and sewer infrastructure accomplishments are reflected. Raymac Park is identified as one of the projects and it was completed in PY12. Heavy trash pickup and the graffiti abatement program have been started.

Department of Fair Housing and Equal Opportunity (FHEO): Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, or national origin in all HUD-assisted programs. Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) prohibits discrimination in the sale, rental and financing of dwellings based on race, color, religion, sex, or national origin. Title VIII was amended in 1988 by the Fair Housing Amendments Act to prohibit discrimination based on disability or on familial status. FHEO staff has the primary responsibility of ensuring compliance with fair housing laws. FHEO staff reviewed the information submitted and no concerns have been expressed.

Financial Audits: In accordance with the OMB Circular A-133 *Audits of States, Local Governments and Non-profit Organizations*, requires Federal award recipients to have independent audits performed, if they expend \$500,000 or more in Federal funds during their fiscal year. As Harris County did exceed this threshold, an independent audit was conducted by Deloitte & Touche LLP. The results of this audit revealed no findings or concerns related to the HUD Federal award for this fiscal year.

Recommendations

The CAPER should identify and provide specific information on the status of Community Development Housing Organization (CHDO) the entitlement community have partnered with.

HUD has begun publishing a regular status report for HOME commitment, expenditure and Community Housing Development deadlines on the internet at the following site:

<http://www.hud.gov/offices/cpd/afordablehousing/reports/index.cfm>

We strongly encourage Harris County to review this report in addition to other reports available from IDIS on a regular basis.

Conclusion

Based on the review of information pertaining to your performance in the CDBG, HOME, ESG, HPRP, and the NSP programs during Program Year 2012, we have determined that Harris County has carried out its programs substantially as described in its Consolidated Plan. The Consolidated Plan submission as implemented complies with the requirements of the Housing and Community Development Act and other applicable laws and regulations. It has also been determined that Harris County has the continuing capacity to carry out its approved programs and that your overall progress and management of these HUD approved programs is highly satisfactory and generally consistent with HUD statutes and regulations. This determination, however, does not reflect a comprehensive evaluation of specific activities.

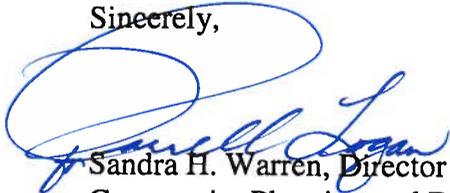
Please recognize that the comments and conclusions made in this letter are subject to a 30-day review and comment period by Harris County. We may revise this letter after consideration of Harris County's views and will make the letter, the comments and any revisions available to the public within 30 days after receipt of the comments. Absent any comments by Harris County, this will be considered the final letter on this subject.

Public Access:

This report is intended to be shared with the public. You may provide copies to interested persons such as the news media, members of local advisory committees, and citizens attending public hearings. We also request that you provide a copy of this letter to the Independent Public Accountant who performs the single audit of the city in accordance with OMB Circular A-133.

If you have any questions regarding this letter please contact me or Joyce Young, Community Planning and Development Representative at (713) 718-3120.

Sincerely,



Sandra H. Warren, Director
Community Planning and Development