



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) 718-3256
www.hud.gov

FEB 24 2017

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

Dear Mr. Turkel:

Subject: End of Year Assessment Letter for Program Year (PY) 2014
March 1, 2014 through February 29, 2015

The Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require that grant recipients submit annual performance reports for the programs covered under these Acts. The Acts require the Secretary of Housing and Urban Development (HUD) to determine annually that the grant recipient is in compliance with these statutes, and has the continuing capacity to carry out the programs for which it receives funds. One of the documents used to conduct the assessment is the Consolidated Annual Performance and Evaluation Report (CAPER). Program Year 2014 was the second year of the County's five year, March 1, 2013 through February 28, 2018, Consolidated Plan. The CAPER was officially received electronically through the Integrated Disbursement and Information Systems (IDIS) eCon Planning Suite on May 22, 2015. The report was timely and received within 90 days of the end of the County's program year in accordance with 24 CFR 91.520(a).

The end of year assessment provides the basis for working together collaboratively to achieve the community's goals as well as meeting the mandates of the statutes. It includes a review of the County's planning process, its management of funds and its progress in carrying out the strategies and goals identified in the Consolidated Plan. Compliance with statutory and regulatory requirements, accuracy of required performance reports and evaluation of accomplishments in meeting key departmental objectives are also evaluated. In addition, the CAPER is reviewed in conjunction with the Office of Fair Housing and Equal Opportunity (FHEO) to confirm there are no issues of noncompliance with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, the Age Discrimination Act of 1975 and Section 3 of the Housing and Urban Development Act of 1968 and all regulations promulgated under such statutes and authorities. A copy of the FHEO comments is enclosed with this letter.

In conjunction with the CAPER, another method of grantee assessment is monitoring. A grantee is selected for monitoring based on a number of factors including the amount of its HUD funding, the number of projects it is undertaking, and the last time the grantee or grant was monitored. The monitoring allows HUD to conduct an onsite review to ensure compliance with applicable regulations, statutes and program requirements and to provide technical assistance as needed. A

finding is a deficiency in the program's performance based on statutory or regulatory requirements for which sanctions or other corrective actions are authorized. A concern is a deficiency in the program's performance that is not based on a statutory or regulatory requirement. In April of 2014, Harris County's Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and Neighborhood Stabilization Program (NSP) grants were monitored. No findings or concerns were revealed.

For Program Year 2014, the County received \$11,834,232 in CDBG funds, \$2,899,993 in HOME funds and \$958,591 in Emergency Solution Grant (ESG) funds. In Program Year 2009, the County received \$14,898,027 in NSP 1 funds and in Program Year 2011 received \$1,925,917 in NSP 3 funds. Program income was generated in the amount of \$29,543.38 from the CDBG program and \$371,532.83 from the HOME program.

In concert with the CAPER, a number of IDIS based reports are reviewed to validate the information. The reports include but are not limited to the CDBG Activity Summary Report (GPR) for the Program Year 2014 (PR03), the CDBG Financial Summary Report (PR26), the 60-day Ratio Report (PR56) and the HOME Deadline Compliance Status Report. ESG reports include the ESG Financial Summary (PR91) and the ESG Risk Status Recipient Report (PR93). Quarterly Performance Reports are reviewed for the NSP program. These documents reflect whether or not a grantee is spending timely and meeting regulatory and statutory requirements and are excellent tools for a grantee to conduct self assessments.

The PR03 reflects CDBG activities undertaken by the County during the program year. The information includes details of projects/activities, the amount of funding allocated per project/activity and how much has been spent and how many have benefitted from the activity. A review of the 245 page PR03 as of May 14, 2015 showed that of the 136 activities in progress during the year, 78 were in a completed status, 50 were underway, in an open status, with progress notes and eight were canceled. Two were in an open status with no funds drawn and one (4234) was in an open status with 100% funds drawn. It is recommended that a review of open activities in IDIS be conducted to assess project status and ensure the documentation is up to date. This review can be done in conjunction with the CDBG Activities at Risk Dashboard report (PR59). If an activity does not proceed, staff should review and follow its department policies for addressing the funds.

The PR26 report reflects CDBG spending during the program year including the percentage of funds benefitting low to moderate income residents and obligated for public services and administration and planning activities. The statutory requirement for overall benefit to low- and moderate-income persons is 70 percent. Harris County's PR26 reflected a 98.07% benefit to low- and moderate income persons. The percentage of funds obligated for public service activities was 14.77% of the grant amount, and the percentage of funds obligated for planning and administration were 20% of the grant amount. By regulation, the standard allowable limits are 15% and 20% respectively.

The PR56 report documents timeliness of a CDBG grantee. HUD regulation at 24 CFR 570.902 requires CDBG grantees to spend their funds in a timely manner. A grantee is considered timely if 60 days prior to the end of their program year the balance of grant funds in its line of credit does not

exceed 1.5 times the annual grant. A review of the PR56 reflected that Harris County met its timeliness ratio for Program Year 2014 with a 1.37 ratio on December 31, 2014.

The HOME Deadline Compliance Status report documents compliance with the two-year commitment and Community Housing and Development Organizations (CHDO) reservation requirements of the HOME statute and the five-year expenditure requirements of the HOME regulations. The County met its 2012 HOME Commitments and 2012 CHDO Reservations by the April 30, 2014 deadline as reflected on the HOME Deadline Compliance report. The County was able to meet its 2009 HOME Disbursements Deadline by the June 30, 2014 deadline.

The PR91 and PR93 document the financial summary and the risk status of the ESG program. The 2014 ESG funds were coordinated by seven entities including Harris County. The activities funded included shelter, rapid re-housing, data collection and administration. Harris County provided grant administration and rapid re-housing. The Coalition for the Homeless provided data collection (HMIS) and shelter. Shelter funded activities were also provided by The Bridge Over Troubled Waters, Houston Area Women's Center, and the Women's Home. Additional rapid re-housing activities were provided by Salvation Army Social Services and Northwest Assistance Ministries.

The County had a number of high priority objectives identified in its 2013 five-year Consolidated Plan which included increasing the supply of affordable housing, enhancing the living environment and addressing homelessness. The County once again achieved and exceeded many of its annual goals. Successes and opportunities during the program year and consolidated plan term include:

- Providing assistance to 595 abused and neglected children against a goal of 485.
- Clearance and demolition of 28 properties against a goal of 15.
- Rapid Rehousing provided to 2016 individuals against a goal of 145
- Infrastructure projects benefitting 44,214 persons against a goal of 11,681
- Providing direct financial assistance to 25 homebuyers against a goal of 70.
- Abating lead based paint in 20 houses of low to moderate income or senior single family homeowners against a goal of 20

As a result of this office's assessment and the information provided in the PY 2014 CAPER, the following has been determined:

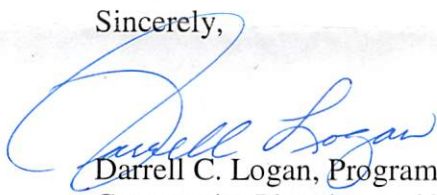
- the County carried out its programs substantially as described in its Consolidated and Annual Action Plan submissions,
- the Consolidated Plan submission as implemented, complies with requirements of the Housing and Community Development Act, as amended, and other applicable laws and regulations, and
- the County has the continuing capacity to carry out the approved program in a timely manner.

This letter is to be shared with the public. You may provide copies to interested groups and persons such as news media, members of local advisory committees, and citizens attending public hearings. We request that you also provide a copy of this letter to the Independent Public Accountant who performs the single audit of Harris County.

Please recognize that the comments and conclusions made in this letter are subject to a 30-day review and comment period by the County. We may revise this letter after consideration of Harris County's views, and will make the letter, the County's comments, and any revisions available to the public within 30 days after receipt of the comments. Absent any comments by the County, this will be considered the final letter on this subject. Upon final approval, the CAPER will be available to the public on the HUD Exchange at: <https://www.hudexchange.info/consolidated-plan/con-plans-aaps-capers/>.

We congratulate Harris County on the community's efforts and accomplishments during the 2014 program year. If you have any questions please let me know or call Christine Cuddeback, Senior Community Planning and Development Representative, at (713) 718-3117.

Sincerely,



Darrell C. Logan, Program Manager
Community Planning and Development

Enclosure



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

MEMORANDUM FOR: Sandra Warren, Director, Community Planning and Development, 6ED

John Call for Christina Lewis
FROM: Christina Lewis, Director, Fair Housing Equal Opportunity 6EES

DATE: June 18, 2015

SUBJECT: Consolidated Annual Performance and Evaluation Report
Harris County

Performance Period: March 1, 2014 through February 28, 2015

We have reviewed the subject documents in accordance with 24 CFR Part 91.520 and have found the following:

1. FHEO will provide comments/feedback on the County's most recent Analysis of Impediments Study and Fair Housing Action Plan.
2. The Section 3 reporting system is still unavailable for the submission of the 2013 and 2014 reports. The Economic Opportunity Division does not have any estimate of when the on-line Section 3 reporting system will be re-launched.

Grantees should continue to maintain their records for subsequent auditing and reporting purposes. No penalties will be imposed for failing to report timely while the system is unavailable. Additionally, no audit findings from OMB A-133 audits will be issued. The Economic Opportunity Division will issue a notice when the system is re-launched.