



**U.S. Department of Housing and Urban Development**  
Houston Field Office, Region VI  
Office of Community Planning & Development  
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**JAN 6 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) 2015  
March 1, 2015 through February 29, 2016

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 2015 was the third 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 27, 2016. 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), however it failed to contain the Emergency Solutions Grant CAPER Annual Reporting Tool (eCart) component, which was received on October 27, 2016.

The end of year assessment is directed not only toward meeting the mandates of the statutes but to provide the basis for working together collaboratively to achieve the revitalization goals of the community as well. It includes an analysis 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 addition to the end of year evaluation based on 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. Harris County's Shelter Plus Care (S+C) grants were monitored in July of 2015. No findings or concerns were revealed. The S+C grants and their progress are reported separately in an Annual Performance Report (APR) submitted electronically via eSnaps. The County's Emergency Solutions Grant (ESG) and Neighborhood Stabilization Programs 1 and 3 (NSP) were monitored in April of 2016. One finding, which has been resolved, and no concerns were revealed.

For Program Year 2015, the County received \$11,932,841 in Community Development Block Grant (CDBG) funds, \$2,717,525 in Home Investment Partnerships (HOME) funds and \$1,055,755 in 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. During FY 2015, program income was generated in the amount of \$67,235.18 for the CDBG program and \$233,286.90 for the HOME program. Through March 31, 2016, NSP 1 generated \$9,523,404.40 and NSP 3 generated \$1,388,151.11 in program income.

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 2015 (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.

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 238 page PR03 as of May 26, 2016 showed that of the 129 activities in progress during the year, 89 were in a completed status, 32 were underway, in an open status, with progress notes and five were canceled. Two were in an open status with no funds drawn and one (4234) was in an open status with 100% funds drawn. The report also revealed that four activities were in a completed status with no beneficiary data, those IDIS activity numbers were: 3745, 4155, 4216, and 4324. Staff should review and update the projects/activities in IDIS that did not contain beneficiary data. The review of open activities on the PR03 with funding prior to 2015 should be done to determine whether or not the projects should proceed or be canceled. 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 99% benefit to low- and

moderate income persons. The percentage of funds obligated for public service activities was 14.15% 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 2015 with a 1.42 ratio on January 1, 2016. The County's next timeliness test is January 1, 2017.

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 2013 HOME Commitments and 2013 CHDO Reservations by the August 31, 2015 deadline as reflected on the HOME Deadline Compliance report. The County was able to meet its 2010 HOME Disbursements Deadline by the May 31, 2015 deadline.

The PR91 and PR93 document the financial summary and the risk status of the ESG program. The 2015 ESG funds are being coordinated by seven entities including Harris County. The activities funded included shelter, rapid re-housing, street outreach, 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 provided by The Bridge Over Troubled Waters, Houston Area Women's Center, and the Women's Home. Street Outreach activities were provided by Covenant House and additional rapid re-housing activities were provided by Salvation Army Social Services. The County had committed 100% of its 2015 ESG grant to activities and is reminded that 100% of the ESG allocation must be expended by July 14, 2017. As of January 4, 2017, the County had \$108,026.09 left to expend.

As evidenced by the on site monitoring, Harris County has run an effective NSP program. The County continues to submit timely QPRs. The NSP QPRs in concert with the approved NSP action plans reflect the accomplishments to date for both grants. Both original grant allocations were fully expended on program eligible activities which included an apartment building renovation and single family new home construction. The grants are now generating program income which is being used to fund additional housing activities. The County can now begin its closeout process. Guidance is available and located on the HUD Exchange at: <https://www.hudexchange.info/resource/3811/nsp-closeout-guide/>.

The County identified a number of high priority objectives in its 2013 five-year Consolidated Plan which included but were not limited to: increasing the supply of affordable housing, enhancing the living environment and addressing homelessness. The County achieved and exceeded many of its annual goals and fell short with others. Highlights and opportunities for improvement during the program year and consolidated plan term include:

- Providing assistance to 454 abused and neglected children against a goal of 635.

- Clearance and demolition of twelve properties against a goal of twelve.
- Providing 10,905 episodes of assistance to homeless individuals against a goal of 395.
- Providing direct financial assistance to 45 homebuyers against a goal of 35.
- Abating lead based paint in 20 houses of low to moderate income or senior single family homeowners against a goal of 19
- Transportation services provided to 173 persons against a goal of 1,226.

It is recommended that the County evaluate its HUD funded goals at the end of each performance year and assess whether or not they need to be adjusted to more accurately reflect achievable results. Extenuating circumstances, such as natural disasters, may impact the original goals and skew performance results.

As a result of this office's assessment and the information provided in the PY 2015 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 in accordance with OMB Circular A-133 Audits of States, Local Governments and Non-profit Organizations.

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 2015 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, Interim Director  
Community Planning and Development

Enclosure



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

FROM: Christina Lewis, Director, Houston FHEO, 6EES

DATE: June 23, 2016

SUBJECT: CAPER Review  
Harris County

We have reviewed the subject documents in accordance with 24 CFR Part 91.520 and have no concerns. The CAPER is acceptable.

If you have any questions regarding this review, please contact Christina Lewis at (713) 718-3189.