



**U.S. Department of Housing and Urban Development**  
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**APR 01 2008**

Honorable Ed Emmet  
County Judge of Harris County  
1001 Preston, Room 911  
Houston, TX 77002

Dear Judge Emmet:

**SUBJECT: Annual Community Assessment for the 2006 Program Year  
(March 1, 2006 through February 26, 2007)**

Under the Housing and Community Development Act of 1974 and the National Affordable Housing Act of 1990, HUD is required to conduct an annual assessment of performance to determine whether grant recipients are carrying out planning, activities and reporting within the statutory requirements. The evaluation of these actions is based upon the grantee's Consolidated Annual Performance and Evaluation Report (CAPER), data as reported in IDIS and other information available to this office. Additionally, we must determine that each recipient has the continuing capacity to implement and administer the programs for which assistance is received.

Harris County received \$ 10,985,813 in Community Development Block Grant (CDBG) funds and \$3,484,971 in HOME Investment Partnerships Act (HOME) funds and \$466,583 in Emergency Services Grant (ESG) for program year 2006, starting March 1, 2006 through February 26, 2007. This is to report that as a result of our community assessment of Harris County, we determined that your overall progress and management of these HUD approved programs is satisfactory and generally consistent with HUD statutes and regulations. This determination, however, does not reflect a comprehensive evaluation of specific activities.

### **SUMMARY**

Our review is based on an evaluation of your consolidated planning and progress in carrying out the programs, the management of funds by the County and your subrecipients, the annual performance report, and your achievement of program objectives.

*Primary Benefit:* In 2006, the County expended 98.70 percent of its CDBG funds for activities that benefit low-and moderate-income (LMI) persons. This meets the 70 percent minimum standard for overall program benefits.

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**APR 04 2008**

**HARRIS COUNTY JUDGE  
ED EMMETT**

## Overall Progress:

- A. 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. When the 60-day test was conducted on December 30, 2006, the County's drawdown ratio was 1.28 and consequently in compliance with HUD's timeliness standards.
  
- B. 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 (24CFR 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).

The HOME Deadline Compliance Status Report reflects a potential shortfall of \$2,733,718 and a CHDO reservation requirement in the amount of \$330,205 with a possible waiver due to hurricanes Katrina and Rita. The grantee must commit the required funds and complete the CHDO Reservation no later than 3/31/08.

*Planning and Administration:* The amount of funds expended on planning and administration with CDBG funds was 20 percent which does not exceed the cap for these activities. The HOME funds are capped at 10 percent.

*Public Service:* The County used 12.18 percent of its CDBG funds for public service activities. Health services, youth and senior services, child care, employment services and services for abused and neglected children were provided for 5,909 low-income persons.. CDBG funds were used for 49 public services projects and a total of \$1,636,336.96 was expended during the program year.

*Continuum of Care for the homeless:* The County in conjunction with the Coalition for the Homeless of Houston/Harris County has developed a Continuum of Care program, a network of comprehensive housing assistance and services for the homeless in Harris County. County CDBG funding for the 2006 program year provided services and shelter exclusively for homeless persons and \$139,783.33 was expended for 11 projects. In addition, the County provided ESG funds for 16 homelessness projects and \$466,583 was expended. ESG funds provided case management, food rental assistance, utility assistance and funding for shelter operations and essential services which assisted 6,792 homeless persons. The subrecipients responsible for administering the ESG projects included The Bridge Over Troubled Waters, Catholic Charities Family Assistance Family Assistance, Houston Area Women's Center, Star of Hope Women and Family Shelter and Northwest Assistance Ministries.

*Providing a suitable living environment:* The County carried out a variety of public facility and infrastructure improvement projects during the program year. The County funded 22 projects and 7 of these projects were completed.

*Leveraging of NON-Federal Resources and Available Matching Resources:* Public service projects leveraged allocated funds with \$1,020,495. Infrastructure project utilized \$1,048,807.00 in leveraged funds. Other sources of leveraged funds included forgone taxes, construction materials, and bond financing.

*Providing decent housing:* In its effort to promote affordable housing the County assisted a total of 295 households during the 2006 program year. Through the County's CDBG rehabilitation program, 5 owner-occupied units were rehabilitated, 104 families were provided direct homeownership assistance, and 4 owner-occupied units were assisted with the abatement of lead-based paint hazard. Through the County's HOME program, 45 households were provided direct homeownership assistance, 3 homeowners were assisted with housing construction and 120 households were provided rental assistance. In addition, the County used its American Dream Downpayment Initiative funds to provide downpayment assistance to 13 households.

*Clearance and Demolition Activity:* The County continues to address community development needs in the areas of clearance and demolition; 10 abandoned and unsafe units were demolished.

### **Areas Needing Improvement**

The following situations will need additional attention and possible corrective action:

- The County is reminded that its 2006 program year HOME 24-month commitment and Community Housing Development Organization (CHDO) reservation deadline is March 31, 2008. Correspondence was sent to the County reminding you of the HOME shortfall and the required CHDO reservation. Failure to meet the requirements will result in the recapture of HOME funds allocated to the County. The County needs to review its HOME reports on a regular basis to ensure that the commitment and reservation requirements are met.
- The County's appeal regarding the repayment plan that was to be completed March 31, 2007, remains an unresolved issue. HUD CPD Headquarters has reviewed the request and a written response will be sent to the County to bring resolution to this issue that may not satisfy the County's request. The County must respond to the action approved by Headquarters to resolve this issue.

### **Recommendations**

The following recommendations are provided for your consideration as you continue to improve performance and correct areas of noncompliance, continue to develop and refine your consolidated Planning process, and carry out your program:

- Although the administrative caps requirement was met, expenditures are near the maximum allowable percent. The County needs to continue monitoring its

administrative disbursements and program income receipts to ensure that administrative expenditures do not exceed the 20 percent requirement.

- We are recommending that the County review the accuracy of information entered into IDIS by reviewing the reports that can be downloaded from IDIS, and ensure the compatibility of this information with the narratives provided in the Action Plan and the CAPER.
- 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 the County to review this report in addition to other reports available from IDIS on a regular basis.

### **Conclusion**

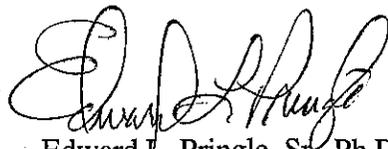
Based on our review of information pertaining to your performance in the CDBG, HOME and ESG programs during program year 2006, we have determined that Harris County has carried out its programs substantially as described in its Consolidated Plan. The Consolidated Plan submission as implemented complies with the requirement of the Housing and Community Development Act and other applicable laws and regulations. It has also been determined that the County has the continuing capacity to carry out its approved programs.

### **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 County in accordance with OMB Circular A-133.

We congratulate Harris County on its accomplishments and performance during the past year. If you have any questions, please contact Sandra H. Warren, Director, Community Planning and Development at 713-718-3115.

Sincerely,



Edward L. Pringle, Sr., Ph.D.  
Houston Field Office Director