



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

JUL 12 2018

Mr. Thomas McCasland
Housing and Community Development Department
601 Sawyer St., 4th Floor
Houston, Texas 7707

Dear Mr. McCasland:

Subject: End of Year Assessment for Program Year (PY) 2016
July 1, 2016 through June 30, 2017

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 follows these statutes and has the continuing capacity to carry out the programs for which it receives funds. This End of Year Assessment Letter for PY 2016, is updated to reflect actual accomplishments by the City of Houston during its reporting period. One of the documents used to conduct the assessment is the Consolidated Annual Performance and Evaluation Report (CAPER). The City of Houston's CAPER was received electronically through the Integrated Disbursement and Information Systems (IDIS) eCon Planning Suite on October 19, 2017. The report was timely as it was received within 90 days of the end of the City's program year in accordance with 24 CFR 91.520(a).

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 City'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 is evaluated. The CAPER is also 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.

The City of Houston's CAPER captured the efforts and accomplishments of PY 2016 as identified in the 2016 Action Plan. During this reporting period, the City received \$22,140,237 in Community Development Block Grant (CDBG) funds and \$6,857,177 in Home Investment Partnerships (HOME), \$2,012, 200 in Emergency Solutions Grant (ESG), and \$ 9,639,531 in Housing Opportunity for Persons with Aids (HOPWA) Program funds from HUD.

Along with the CAPER, several of IDIS based reports are also reviewed. The reports include but are not limited to the List of Activities by Program Year and Project (PR02) CDBG Activity Summary Report, (GPR) for the Program Year 2016, Financial Summary Report (PR26), the 60-day Ration Report (PR56), the HOME Deadline Compliance Status Report, the HOPWA Timeliness Dashboard (PR88), the HOPWA Performance Profile -Formula Grantee (PR90) and ESG Risk Status Report (PR 93).

Based on a review of the IDIS report reflecting CDBG timeliness, IDIS PR56 *Current 60 Day Ratio Report*, the timeliness assessment is that the CDBG funds were expended in a timely manner. A grantee is timely, if 60 days prior to the end of the grantee's program year, the balance in its line-of-credit does not exceed 1.50 times the annual grant. As of May 2, 2017, the City had a timeliness ratio of 1.44 % which was following the requirement at 24 CFR 570.902 of the CDBG regulations.

Our analysis of the City of Houston's performance, as reported in IDIS, and our overall assessment is that the funds expended during the program year primarily benefitted low-and moderate-income persons. The IDIS PR26 *CDBG Financial Summary Report* was reviewed to determine if the 70 % minimum standards for overall program benefits were accomplished over the identified one-year period. According to the report, 100% of CDBG funds were expended for activities that benefitted low-and moderate-income persons. We congratulate the City for exceeding the minimum 70 % percent overall program benefits.

The IDIS PR26 report also reflected that the City expended 15.36% of its grant for public services and 18.73% for planning and administration. Both ratios were within the allowable cost requirements of 15% and 20% respectively.

The HOME Deadline Compliance Status Report documents compliance with the two-year commitment and Community Housing Development Organizations (CHDO) reservation requirements of the HOME statute and the five-year expenditure requirements of the HOME regulations. The City was able to meet its HOME Commitments, CHDO Reservations and HOME Disbursements deadlines as reflected on the HOME Deadline Compliance Report. The Commitment, Reservation and Disbursement deadlines were met as of the 7/31/2017 deadline. However, please be reminded per the HOME Cumulative Deadline Compliance report dated 5/31/18, the City of Houston is to disburse its 2013 funds by 8/31/2018 in the amount of \$2,965,425.78.

Based upon information reported in IDIS and /or the CAPER, below are highlights of specific accomplishments during the program year term:

CDBG Program

- The City has provided direct assistance to 43 homebuyers of the target of 500, with 457 household remaining to receive assistance in the Action Plan during 2018 and 2019.

- The City's Fair Housing activities undertaken and accomplished was defined in the 2016 Consolidated and Action Plan and a total of 1,318 persons were assisted on the City's Fair Housing Hotline; Fair Housing Outreach to inform 500,000 persons accomplished outreach to 477,213 citizens; The City met the goal of creating 100 new affordable housing rental units of a goal of 404.
- Job creation- The AI indicates that 46 Jobs were created in the Action Plan during the first two years of the plan, which represents 94% completion towards the goal.

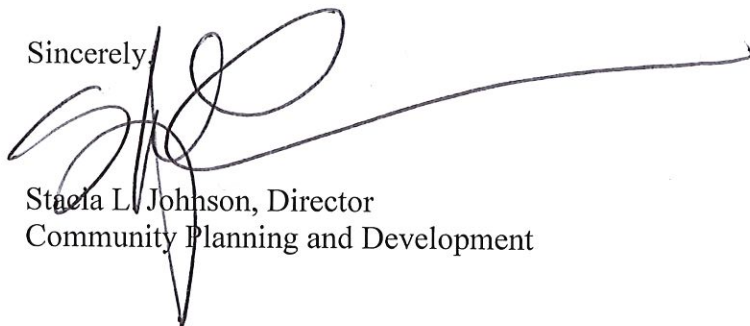
As a result of this office's assessment and the information provided in the PY 2016 CAPER, the following has been determined: the City carried out its program substantially as described in its Consolidated and Annual Action Plan submission, the Consolidated Plan submission, as implemented, complies with the requirements of the Housing and Community Development Act and other applicable laws and regulations, and the City is working to increase capacity to continue to carry out its approved programs in a timely manner.

This letter is to be shared with the public. You may provide copies to interested 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 the City of Houston in accordance with OMB Circular A-133.

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

We congratulate the City of Houston on its accomplishments achieved during the 2016 program year. If you have any questions, please contact me or Lisa People, Senior Community Planning and Development Representative, at 713-718-3116.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stacia L. Johnson', with a long horizontal line extending to the right.

Stacia L. Johnson, Director
Community Planning and Development