



U.S. Department of Housing and Urban Development
Community Planning & Development Division
Region IV, Miami Field Office
Brickell Plaza Federal Building
909 SE First Avenue, Room 500
Miami, FL 33131-3042

COPY

February 22, 2016

Mr. Roger Desjarlais
County Manager
Lee County
P. O. Box 398
Fort Myers, FL 33902

Subject: Annual Community Assessment
Consolidated Annual Performance and Evaluation Report (CAPER)
2014 Program Year –
CDBG, HOME, ESG and NSP Programs
County of Lee

Dear Desjarlais,

The Housing and Community Development Act of 1974, as amended and the National Affordable Housing Act of 1990, require that a determination be made annually by HUD that the grant recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received.

In accordance with the Consolidated Planning Regulations of January 5, 1995, this Office makes a comprehensive performance review of your overall progress annually, as required by §24 CFR 91.525. The review consists of analyzing your consolidated planning process; reviewing management of funds; determining the progress made in carrying out your Consolidated Plan policies and programs; determining the compliance of funded activities with statutory and regulatory requirements; determining the accuracy of required performance reports; and evaluating your accomplishments in meeting key departmental objectives.

We congratulate you on your accomplishments during this past year in the achievement of departmental objectives.

SUMMARY OF PERFORMANCE

Community Development Block Grant (CDBG)

The County received \$2,499,268.00 in FY 2014 CDBG grant funds and is commended on its performance in expending \$1,194,146.17 of which 100% was spent on activities benefiting low or moderate-income persons. This performance exceeds departmental standards.

HUD's mission is to create strong, sustainable, inclusive communities and quality, affordable homes for all.

The Financial summary indicated \$220,575.22 net expenditures for planning and administrative costs, or 8.77% of the grant funds plus program income received during the program year. The Financial Summary also showed \$307,866.28 in net expenditures for public services, or 12.32% of the grant. Our review of the activities indicates that they appear to be eligible as provided for at §24 CFR Part 570.201-6, and meet one of the three National Objectives established at §24CFR 570.208.

We were pleased with the County's housing assistance performance, in particular its affordable housing activities that provided funding for Owner Occupied Rehabilitation resulting in the completion of 24 homes to benefit low-income households.

We are pleased to report that the County is in compliance with departmental progress standards in the expenditure of its CDBG Line-of-Credit (LOC) balances. The County is required to have no more than 1.5 years of funding available in its LOCC's at the end of the tenth month of its program year. The County's LOCC's balance as of August 2, 2015 was \$2,881,570.59, which represents 1.15 years of funding.

As a reminder, according to the National Defense Authorization Act of 1991 (P.L.101-510), CDBG grantees have a total of eight years to obligate and expend CDBG funds, counting the three-year obligation period and the additional five years for expenditure. For example, CDBG funds appropriated by Congress in FY 2002 must be obligated (put under funding contract to the grantee) by September 30, 2004 (three years). They must be disbursed by the grantee by September 30, 2010 (FY 2005 + 5 years). If the FY 2009 grant funds are not drawn down from the Line of Credit Control System (LOCCS) by the end of FY 2016, they will be recaptured by HUD and returned to the U.S. Treasury. Also be aware that if a grantee returns funds to an expired grant, the funds are returned to the Treasury and are no longer available in the grantee's LOC. This means grantees lose these funds permanently. Therefore, grantees who need to return funds to their LOC and credit those funds to an expired grant should contact the Miami Field Office for instructions.

HOME

The County received \$656,524 in HOME FY 2014 grant funds. Our review determined that the County achieved its objective of providing affordable housing for the County's Down Payment Assistance Program resulting in 34 low and moderate income households becoming homeowners.

Total disbursements during the year were \$263,720.76 including \$41,310.94 for administrative costs. Our evaluation of these accomplishments disclosed no concerns with respect to eligibility, income targeting, affordability, or match requirements.

As a reminder, please be aware that any HOME funds appropriated in FY 2009 will not be available for PJs to expend after September 30, 2016. HOME funds remaining in your FY 2009 grant after this date will be recaptured by the United States Treasury.

Unexpended HOME funds on grants from 1992 through 2001 are not subject to these rules. However, beginning with the FY 2002 appropriation, each annual HOME grant is subject to this eight-year expenditure rule. So, for example, FY 2009 HOME funds will no longer be available to you after September 30, 2016.

Emergency Shelter Grant (ESG) /Solutions

The County received \$197,693 in FY 2014 ESG grant funds. In accordance with 24 CFR Part §576.203, within 180 days after the date that HUD signs the ESG grant agreement, the recipient must obligate all the grant amount, except the amount for its administrative costs. As of the date of this reporting period, the County has committed \$197,693 or 100%, and drawn \$127,171.52 or 64.33 % of its FY 2014 ESG grant funds. This performance meets departmental standards.

The County has made significant progress in assisting homeless persons under the Emergency Shelter Grant program. All grants have been expended within 24 months of the date of the grant award. Activities were deemed eligible in accordance with §24 CFR 576, and not more than 7.5% of the grant amount was expended for administrative activities. The matching contributions to supplement the recipient's ESG requirements, in an amount that equals the amount of ESG funds provided by HUD and limits on the use of street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance and HMIS activities appears to have been met. The County is to be commended for its performance in supporting emergency shelter services and rapid re-housing assistance for 632 persons.

Performance Measurement

In September 2004, CPD Notice 03-09 was sent to all grantees in reference to Local Performance Measurement Systems for CPD Formula Grant Programs. In this notice it strongly recommends the use of a performance measurement system in order to account for productivity and program impact. Productivity displays the quantity, quality, and time a grantee undertakes activities. Program impact reflects how activities yield desired outcomes within the community and the persons assisted. The Field office reiterated the importance of determining whether the County is currently using a performance measurement system, developing a system, or has not yet developed a system.

Beginning October 1, 2006, each Consolidated Annual Performance and Evaluation Report (CAPER) or Performance and Evaluation Report (PER) should include the status of the grantee's efforts toward implementing a performance measurement system as described in the Federal Register Notice dated March 7, 2006. All CAPER or PER reports should provide a description of how the jurisdiction's program provided new or improved availability/accessibility, affordability, sustainability of decent housing, a suitable living environment, and economic opportunity. The CAPER/PER must include a comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives.

A review of the IDIS CDBG Performance Measures Report (PR83) and the Housing Performance Report (PR85) disclosed that the County is inputting data for its activities.

Concern

There is a performance issue that requires action for resolution as a result of our review of your Consolidated Annual Performance and Evaluation Report (CAPER) for FY **2014:**

(1) CDBG Activities At Risk Dashboard:

The County's CDBG Activities -At Risk Dashboard Report (PR 59) is currently showing IDIS #2489, flagged as Awaiting Grantee's Required Explanation and Remediation Plan. The County must ensure that the activity is completed by the target completion date in the remediation action plan via IDIS. Additional information can be found at:

<https://www.hudexchange.info/onecpd/assets/File/IDIS-Online-Reports-User-Guide-PR51-60.pdf>

Fair Housing and Equal Opportunity (FHEO)

The Office of Fair Housing and Equal Opportunity (FHEO) is required to conduct an analysis of each grantee's Consolidated Annual Performance Evaluation Report (CAPER) to ensure compliance with the civil rights requirements to affirmatively further fair housing as required in 24 C.F.R. 91.225(a)(1), 91.325(a)(1), and 91.425(a)(1)(I). Affirmatively furthering fair housing means that each grantee will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, taken appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions taken in this regard. Additionally, the *Fair Housing Planning Guide* is available on the Hudweb at:

<http://www.hud.gov/offices/fheo/images/fhpg.pdf>

The *Fair Housing Planning Guide* contains valuable information, which may assist you in your revisions and future CAPER, and Annual Action Plan submissions.

The FHEO evaluation of the County's FY 2014 CAPER submission is based, in part, on their review of various Civil Rights Certifications; the Analysis of Impediments (AI); geographic distribution and areas of minority concentrations along with program benefit for minority persons and persons with disabilities.

Office of Public and Indian Housing (OPIH)

The Office of Public and Indian Housing (OPIH) was also required to conduct an analysis of the County's FY 2014 Consolidated Annual Performance Evaluation Report (CAPER). This request was intended for the accuracy of any data shown for the local PHAs, the County's housing inventory and the plan in general.

The OPIH evaluation of the County's FY 2014 CAPER submission is currently under review. Once the review is completed it would be communicated in a separate letter.

The Housing and Economic Recovery Act of 2008

Neighborhood Stabilization Program (NSP-1)

The Neighborhood Stabilization Program (NSP-1) was authorized under the Housing and Economic Recovery Act (HERA) of 2008.

The County of Lee received \$18,243,867 in NSP-1 fiscal year 2009 grant funds and is commended on its performance in expending \$26,296,355.97 or 144% of its NSP-1 grant funds, which includes program income received as of December 31, 2015. Our review revealed that the County utilized NSP-1 grant funds to 224 low, moderate, and middle income persons in the areas of greatest need. This performance meets departmental standards.

The regulation requires that ... "no less than 25% of the funds appropriated or otherwise made available for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose income do not exceed 50% of area median income."

We are pleased to report that the County has met both the 100% NSP grant expenditure and the 25% for Low Income Households (LH25) set-aside expenditure requirements as of December 31, 2015. This performance meets Departmental standards. You will soon be contacted to prepare for the closeout procedures of this grant.

Our review of the County's Quarterly Progress Reports revealed that the County is in compliance with the timely submittal of Quarterly Progress Report (QPR's) as of January 30, 2016.

The County reported that it received \$8,798,856.87 in program income (PI); as you are aware, program income must be disbursed prior to any draw-down of grant funds. In addition, the County should maintain documentation (i.e. spreadsheets, reports, receipts, etc.) to track program income.

Our review determined that the County's Action Plan contained eligible activities and meets reporting requirements of the NSP-1 program.

Neighborhood Stabilization Program (NSP-3)

The County of Lee received \$6,639,174 in NSP-3 fiscal year 2011 grant funds and has expended \$8,156,407.64 or 123% of its NSP3 grant funds which includes program income received as of December 31, 2015. Our review revealed that the County utilized NSP-3 grant funds to assist 82 low, moderate, and middle income persons in the areas of greatest need. This performance meets departmental standards.

The regulation requires that ... “no less than 25% of the funds appropriated or otherwise made available for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose income do not exceed 50% of area median income.” As of December 31, 2015, the County has expended \$2,759,794 or 42 % of its grant funds including any program income for Low Income Households (LH25).

The County has met both the 100% NSP grant expenditure and the 25% for Low Income Households (LH25) set-aside expenditure requirements as of December 31, 2015. This performance meets departmental standards.

The County reported that it received \$2,008,642.03 in program income (PI) as of December 31, 2015. As you are aware, program income must be disbursed prior to any draw-down of grant funds. In addition, the County should maintain documentation (i.e. spreadsheets, reports, receipts, etc.) to track program income.

Our review of the County’s Quarterly Progress Reports revealed that the County is in compliance with the timely submittal of Quarterly Progress Report (QPR’s) as of January 30, 2016.

The County is encouraged to continue reporting in the Disaster Recovery Grant Reporting (DRGR) system.

HUD strongly encourages grantees to use NSP funds not only to stabilize neighborhoods in the short-term, but to strategically incorporate modern, green building and energy-efficiency improvements in all NSP activities to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods. At minimum, NSP3 grantees must meet rehabilitation standards requirements of green and energy-efficiency actions. Additional resources related to sustainable and energy-efficient construction are available on the NSP Resource Exchange Website:

<https://www.hudexchange.info/programs/nsp/>

OVERALL EVALUATION AND CONCLUSION

Our review of the annual performance report indicates that the activities carried out by the County during the program year were generally eligible or otherwise consistent with applicable CDBG, NSP, HOME, and ESG regulations.

The County actions in the program year were consistent with the actions proposed to address identified priority needs. Results in achieving goals that were envisioned in the Consolidated Plan were satisfactory.

The County's approach to community development activities is comprehensive and creative, and reflects internal coordination and cooperation with its citizens.

To facilitate and expedite citizen access to our performance assessment, we request that you apprise the general public and interested citizen's organizations and non-profit entities, of its availability. If, for any reason, the County chooses not to do so, please be advised that our office is obligated to make this letter available to the public. We appreciate your cooperation in this matter.

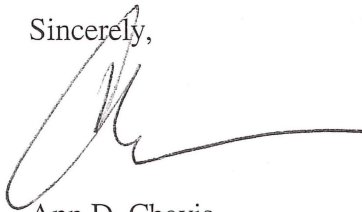
It is also recommended that the County retain this assessment letter and make it available to its Independent Public Accountant (IPA).

In conclusion, as a result of our analysis we have determined that your overall progress is satisfactory. This determination is based upon the information available to this office, and does not reflect a comprehensive evaluation of specific activities.

Attached please find important information that would assist you in administering your CPD programs.

This office is available to assist you in any way possible. If you have any questions regarding this correspondence, or any other program matter, please do not hesitate to contact Mrs. Nora E. Casal, Senior Community Planning and Development Representative at (305) 520-5009, or via email message at: Nora.E.Casal@hud.gov.

Sincerely,



Ann D. Chavis
Director
Community Planning and Development Division

Cc: Ann Arnall, Director, Lee County Dept. of Human Services
Lisa Bustamante, Program Manager, US HUD

Enclosures