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April 30, 2024

Ms. Carol Borrego, Director
Community Development
Fort Bend County
301 Jackson Street
Richmond, TX 77469

Dear Ms. Borrego:

Subject: End of Year Assessment for Program Year (PY) 2022
September 1, 2022, through August 31, 2023

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 following these statutes. One of the documents used to conduct the assessment is the Consolidated Annual Performance and Evaluation Report (CAPER). Fort Bend County's CAPER was received electronically through the Integrated Disbursement and Information Systems (IDIS) eCon Planning Suite on November 28, 2023. The report was timely as it was 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.

Fort Bend County's CAPER captured the efforts and accomplishments of PY 2022 which was the third program year of the County's five-year Consolidated Plan. During this reporting period, the County received \$3,322,918 Community Development Block Grant (CDBG) funds, \$1,046,472 in Home Investment Partnerships (HOME) Program funds and \$294,122 in ESG funds from HUD.

Along with the CAPER, several IDIS based reports are also reviewed. The reports include but are not limited to the CDBG Activity Summary Report (GPR) for the Program Year 2022 (PR03), Program Income Details by Fiscal Year and Program (PR09), the CDBG Financial Summary Report (PR26), PR33 Home Matching Liability Report, the 60 Day Ratio Report (PR56), HOME Grant Specific Commitment and Disbursement Summary Report, and the ESG Financial Summary (PR91). These documents reflect whether a grantee is spending timely and meeting the regulatory and statutory requirements.

The IDIS PR03 report reflects CDBG activities undertaken by the grantee during the program year. The information includes details of projects/activities, and the amount of funding allocated for each. Additionally, the report reflects how much has been spent and how many have benefitted from the activities. A PR03 for Program Year 2022 was run on February 13, 2024, that included both CDBG and CDBG CV activities. The report reflected a total of twenty-five CDBG and two CDBG CV IDIS activities. Eleven CDBG activities were in a completed status, thirteen were in an open status and one cancelled. Of the thirteen CDBG activities in an open status twelve were underway and had some funds drawn. The two CDBG CV activities were underway and had some funds drawn. The PR03 report also reflected 389 people who benefitted from the grant through the County's CDBG CV Subsistence Payments program. The County is encouraged to review the open activities and update their status accordingly.

The IDIS PR26 report reflects CDBG spending during the program year including the percentage of funds benefiting 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. Fort Bend County's PR26, as of February 27, 2024, reflected a 100% benefit to low-and moderate-income persons. The percentage of funds obligated for public service activities was 10.49% of the grant amount, and the percentage of funds obligated for administration and planning were 11.78% of the grant amount. By regulation, the standard allowable limits are 15% and 20% respectively.

During the review of PR26, it was noted that Line 01 "Unexpended CDBG Funds at end of previous program year" of the 2022 report did not correspond to Line 16 "Unexpended Balance" of the 2021. As overall benefit, public service and administration caps calculations are contingent on accurate information provided in the PR26 report, the County needs to review its previous PR26 submissions and ensure that Line 1 of the recent PR26 correlates to Line 16 of the prior year PR26. The County will need to make those corrections and resubmit its PR26 report to HUD so that the percentages can be verified. The PR26 CDBG Financial Summary Report Troubleshooting Guide is available here: <https://files.hudexchange.info/resources/documents/Updated-Instructions-Completing-CDBG-Financial-Summary-Report-Pr26.pdf>. Please note that on page 7, the guide indicates that Line 1 is IDIS system generated. Line 1 is based on the system generated Line 16 of the previous year and grantees will need to enter the prior year Line 16 amount into the current year Line 1.

The PR26 CDBG CV Financial Summary Report as of February 27, 2024, reflected a 100.00% benefit to low-and moderate-income persons. It also showed that \$1,604,002.72 of the CDBG CV grant funds amount of \$4,584,858.00 were expended as of that date.

The PR56 report documents the 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 the County did not meet its timeliness ratio for Program Year 2022 with a 3.01 ratio. The County's next timeliness test is July 3, 2024. The County is encouraged to review its CDBG projects with balances and the IDIS PR56 report on a regular basis to monitor the grant balances. The IDIS PR56 report is a helpful tool for keeping track of your drawdown progress. IDIS will calculate a current drawdown ratio and the exact dollar amount you will need to draw down to reach the 1.5 standard.

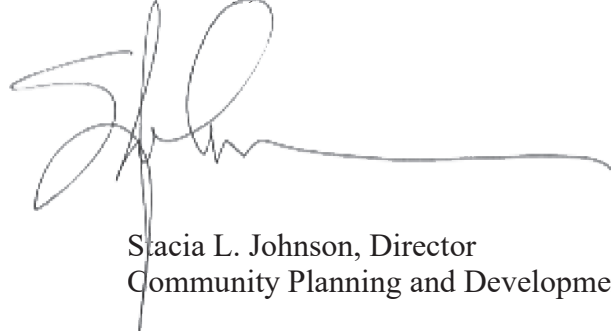
HOME Grant Specific Commitment and Disbursement Summary Report as of January 31, 2024, reflects Fort Bend County has disbursed 100.00% of its authorized amount for Grant Year 2015 and the expenditure deadline date was September 30, 2023. The PR33 Home Matching Liability Report as of February 21, 2024, was also reviewed for the HOME Program which reflected the County's match liability amount for Fiscal Year 2022 was \$5,308.56. The HOME match information provided within the Table 5- Fiscal Year Summary -HOME Match Report contained in the County's 2022 CAPER was also reviewed. During the review of that report, it was noted Line 4. Match liability for the current Federal year did not equal to the match liability amount reflected in PR33. The County is asked to review those reports and ensure the required HOME match liability for fiscal year 2022 is met.

The PR91 and PR93 document the financial summary and the risk status of the ESG program. ESG grants have a 24-month expenditure deadline. The County's ESG funds were coordinated by multiple entities including Fort Bend County. The activities funded included shelter, homeless prevention, and administration. Per the PR91 as of March 7, 2024, the County had 36.13% of its 2022 ESG grant remaining to draw. The expenditure deadline for the 2022 ESG allocation is September 16, 2024. The PR91 report as of March 7, 2024, reflected 88.56% of the 2021 ESG allocation were drawn. The expenditure deadline for the 2021 ESG allocation was September 8, 2023. The report also reflected that 60.00% of the 2021 grant was expended for activities under shelter which was compliant with the 60% limit. The County is encouraged to review the PR91 and PR93 reports on a regular basis and to take appropriate action to ensure the awards are fully committed and expended in compliance with 24 CFR 576. The PR91 ESG CV Financial Summary Report as of March 7, 2024, reflected that 75.50% of the ESG CV grant funds was drawn. It also reflected an expenditure deadline of September 30, 2023.

This letter is to be shared with the public. You may provide copies to interested people 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 Fort Bend 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 Fort Bend County's review, and will make the letter, the County's comments, and any revisions available to the public within 30 days after receipt of the County's comments. Absent any comments by the County, this will be considered the final letter on this subject.

Fort Bend County is congratulated on its accomplishments achieved during the 2022 program year. If you have any questions, please contact me or Mary Elo, Community Planning and Development Representative, at 713-718-3124 or via email at mary.m.elo@hud.gov.

Sincerely,

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

Stacia L. Johnson, Director
Community Planning and Development