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Miami, FL 33131-3042

SEP 30 2011

Honorable Karen Marcus
Chair, Board of County Commissioners
301 North Olive Ave., Suite 1201
West Palm Beach, FL 33401

Dear Chairperson Marcus,

Subject: Annual Community Assessment
Consolidated Annual Performance and Evaluation Report (CAPER)
2009 Program Year - CDBG, CDBG-R.HOME, ESG, HPRP and NSP Programs
Palm Beach County

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 on the achievement of Departmental Objectives.

SUMMARY OF PERFORMANCE

Community Development Block Grant (CDBG)

The County received \$6,815,780.00 in fiscal year 2009 funds, and is commended on its performance in expending 96.47% of its CDBG funds on activities benefiting low or moderate-income persons. This performance exceeds Departmental standards.

The Financial Summary showed \$790,896.79 net obligations for Public Services or 11.60% of the grant. The Financial summary also indicated \$1,276,409.71 net for planning and administrative costs or 17.87% of the grant funds plus program income received during the program year. Our review of the activities indicates that they are eligible as provided for at 24CFR 570.201-6, and meet one of the three National Objectives established at 24CFR 570.208.

The County's housing assistance resulted in 668 housing units to benefit low-income households.

It is noteworthy to mention that the County CDBG Program was able to provide for public services that assisted 2,053 persons. Additionally, fifteen public facilities and improvement activities, whose outcome was described as "sustainability for the purpose of creating a suitable living environment" were completed during the year.

Economic Development activities also resulted in the creation of 131 full-time equivalent jobs with the majority being created under the Section 108 Program.

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 LOC at the end of the tenth month of its program year. The County's LOC balance as of August 2, 2011 was \$9,351,726.70, which represents 1.37 years of funding.

HOME

The County received \$2,799,335.00 in fiscal year 2009 HOME funds. Our review determined that the County achieved its objective of providing affordable housing for First Time Homebuyers resulting in 38 households assisted.

Total disbursements during the year were \$1,906,031 including \$242,883.00 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 2002 will not be available for PJs to expend after September 30, 2009. HOME funds remaining in your FY 2002 grant after this date will be recaptured by the United States Treasury. Unexpended HOME funds in 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 2004 HOME funds will no longer be available to you after September 30, 2011. You may refer to HOME facts Vol 2 No 2 February 2009, for additional instructions of this requirement and the link below:

<http://www.hud.gov/offices/cpd/affordablehousing/library/homefacts/volumes/vol2no2.cfm>

<http://www.hud.gov/offices/cpd/affordablehousing/reports/expiringfunds/explanations.pdf>

Emergency Shelter Grant (ESG)

The County received \$302,730 in fiscal year 2009 ESG funds. Our review determined that the County has committed \$308,116 in ESG funds during this reporting period.

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. All activities were deemed eligible in accordance with 24 CFR 576, and not more than 5% of the grant amount was used for costs of staff. The match requirements and limits on the use of essential services and homeless prevention activities have been met. The County is to be commended for its performance in supporting emergency shelter services for 2,418 persons

The County is reminded that all grants funds should be expended within 24-months of the date of the ESG grant award, (by September 30, 2011), and ensure that all activities are deemed eligible in accordance with §24 CFR Part 576. Furthermore, that the match requirements and limits on the use of administration, essential services and homeless prevention activities are met.

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 not inputting data for all of its activities. However, the County did appear to report on Performance Measures in the CAPER.

Concern

There are some performance issues that require action for resolution as a result of our review of your Consolidated Annual Performance and Evaluation Report (CAPER) for FY 2009:

(1) Performance Measurement

A review of the CDBG Performance Measures Report (PR83) and the Housing Performance Report (PR85) disclosed that the County is not inputting data. Please be advised that failure to comply with these requirements could result in disapproval of the County's Action Plan.

The County may want to refer to the website at www.hud.gov/offices/cpd/about/performance/training/index.cfm for assistance

(2) Classification of activities

One activity has raised a question as to whether it is misclassified or ineligible. District Hospital Holdings was funded to purchase a mammography machine. The County has classified this activity as a public facility and improvement. The appropriate classification should be a public service. The County is responding to this matter as a part of the recent monitoring report.

(3) commitments/disbursements- expenditures- red flags-open activities.

The most recent HOME Snapshot Report indicates that the County's performance ranking within Florida is 26 out of 31 PJs. Red flags are shown for percent of completed rental disbursements to all rental commitments and percent of occupied rental units to all rental units. Additionally, open activities have been a concern throughout the past several years. However, it appears that the County is making significant improvement in this area during the past six months.

(4) Open findings- (Audit / (Monitoring).

There are open findings from the latest OIG audit and the most recent monitoring report. The County is in the process of responding to or resolving each report.

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/office/fheo/affirmative.cfm>. 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 your FY '2009 CAPER submission was 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. FHEO has provided it's concerns to the County regarding the AI and the County has responded. Once the review of your response is completed it will be communicated under a separate cover letter.

Office of Public and Indian Housing (OPIH)

The Office of Public Housing (OPIH) was also required to conduct an analysis of the County's 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 Office of Public and Indian Housing review revealed no concerns.

The Housing and Economic Recovery Act of 2008 And The American Recovery and Reinvestment Act of 2009 Programs*

Neighborhood Stabilization Program 1 (NSP1)

Palm Beach County received \$27,700,340.00 and expended 77.41% of its NSP-1 funds which produced 87 housing units that benefited low, moderate, and middle income persons in the areas of greatest need. The County did not meet the 18 month obligation deadline on September 2010. However, the County has obligated a 100% of its grant funds to date.

The third quarterly performance report of fiscal year 2011 indicates that the County obligated \$2,354,529.00 for its administrative budget which is within the 10% regulatory limit.

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." Currently, the County has obligated \$8,484,989.61 and expended \$5,214,170.61 for Low Income Households.

The County reported that it received \$385,457.12 of program income and disbursed \$73,318.63. Please ensure that program income is drawn down prior to any disbursement of the 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 all eligible activities and meets reporting and expenditure requirements of the NSP1 program.

Neighborhood Stabilization Program 2 (NSP2)

Palm Beach County received \$50,000,000.00 in fiscal year 2010 and has expended 0.20% of its NSP2 funds.

The American Recovery and Reinvestment Act of 2009 (ARRA) required that grantees shall expend at least 50% of allocated funds within two years of the date funds become available to the grantee for obligation, and 100% of such funds within three years of such date.

The expenditure deadline dates are as follows:

- 50% by February 11, 2012
- 100% by February 11, 2013

Please be advised that the U.S. Department of Housing and Urban Development cannot waive this requirement or make any exceptions. Funds not expended will be rescinded.

The third quarterly performance report of fiscal year 2011 indicates that Palm Beach County obligated \$4,250,000.00 for its administrative budget which is within the 10% regulatory limit.

The regulation requires that no less than 25% of the funds appropriated or must be used to house individuals or families whose income do not exceed 50% of area median income. Currently, The County has not obligated or expended any funds for Low Income Households.

Our records indicate that the County has not received any program income. However, once received please ensure that program income is drawn down prior to any disbursement of the grant funds and maintain documentation (i.e. spreadsheets, reports, receipts, etc.) to track program income.

Palm Beach County is encouraged to continue reporting in the Disaster Recovery Grant Reporting (DRGR) and Federal Reporting systems.

Concern

Palm Beach County's expenditure rate of 0.20% is below the 30% expenditure for the South Florida Region. The County is at risk of not meeting the 50% expenditure deadline on February 11, 2012.

Neighborhood Stabilization Program 3 (NSP3)

Palm Beach County received \$11,264,172.00 in fiscal year 2011 and has expended 0.0% of its NSP3 funds.

The County is required to expend at least 50% of allocated funds within two years of the date funds become available to the grantee for obligation and 100% of such funds within three years of such date. (Dodd-Frank Act)

The expenditure deadline dates are as follows:

- 50% by March 2013
- 100% by March 2014

The most recent quarterly performance report of fiscal year 2011 indicates that the County budgeted \$1,126,417.00 for its program administration which is within the 10% regulatory limit.

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. Currently, the County has budgeted \$2,816,043.00 and expended \$0.00 for Low Income Households.

Our records indicate that the County has not received any program income. However, once received please ensure that program income is drawn down prior to any disbursement of the grant funds and maintain documentation (i.e. spreadsheets, reports, receipts, etc.) to track program income.

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

Community Development Block Grant – Recovery (CDBG-R)

Palm Beach County received \$1,846,758.00 in fiscal year 2009 and has expended \$1,432,256.29 of its CDBG-R funds. Our review determined that the County has expended 77.56%, which is above the 64 % average expenditure rate for the South Florida Region.

Please be advised that the County must meet the 100% expenditure deadline prior to September 2012.

The County is encouraged to continue reporting in the Federal Reporting system.

Homelessness Prevention & Rapid Re-housing Program (HPRP)

Palm Beach County received \$2,823,871.00 in fiscal year 2009 and has expended 81.67% of its HPRP funds.

The County is commended on its performance in meeting the July 2011, 60% expenditure deadline. This performance meets Departmental standards.

Please be reminded that the County must meet the 100% expenditure deadline by July 2012 and is encouraged to continue reporting in the Electronic-Special Needs Assistance Program (E-SNAP) and Federal Reporting systems.

***Information utilized from DRGR is as of August 23, 2011**

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, CDBG-R, NSP, HPRP, HOME, and ESG regulations.

The County's 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 commendable

The County's approach to community development activities is comprehensive and creative. 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.

If you have any questions regarding this correspondence, or any other program matter, please do not hesitate to contact Dean Taylor at (305) 520-5012, or via e-mail at: dean.m.taylor@hud.gov.

Sincerely,



Maria R. Ortiz-Hill
Director
Community Planning and Development

cc:

Ann D. Chavis, Program Manager
Edward W. Lowery, J.D., Palm Beach County Housing and
Community Development

Enclosures

Attachment FY 2009 CAPER

HUD's major effort is to gather data on the performance measurement system implemented at the local level. Complimentary to this effort, it is important to remind each grantee that it is critical that you report all accomplishments for each of your activities. CDBG grantees are urged to enter in IDIS available accomplishments data.

We encourage communities to take action to overcome impediments to affordable housing, which helps to assure that grantees provide households with equal access to housing opportunities.

CONSOLIDATED PLAN MANAGEMENT PROCESS - CPMP

The Office of Management and Budget asked that HUD work with local stakeholders to streamline the Consolidated Plan, making it more results-oriented and useful to communities in assessing their own progress toward addressing the problems of low-income areas. Grantees are encouraged to use the tool formats in developing Consolidated Plans, Action Plans, and annual performance reports.

MINORITY BUSINESS ENTERPRISES - MBE

Under executive orders 11625, 12432 and 12138 grantees must subscribe procedures acceptable to HUD for a minority outreach program to ensure that they are making concerted efforts to attract minority groups to the procurement process.

Furthermore, the Office of Small and Disadvantaged Business Utilization (OSDBU) is required to collect and consolidate data on Minority Business Enterprise (MBE) on an annual basis. You are encouraged to utilize Woman's and Minority Business Enterprise participation in all HUD programs. Grantees should submit their information, via email, on HUD form 2516 (Grantee Contract and Subcontract Activity Report). Please note that you may access the forms at: <http://www.hud.gov/offices/osdbu/forms/hud2516.xls>.

2012 TRAINING SURVEY

Please help us to identify the areas of training that could benefit your jurisdiction in operating and managing your CPD program(s). Complete the survey below no later than September 30, 2011, and either email or fax it to your CPD Representative or to John Quade, CPD Representative at john.f.quade@hud.gov or (305) 536-4781.

Please indicate your interest in receiving technical assistance/training below by ranking the importance from the highest (5) to lowest (1).

5 – Very Important 4 – Important 3 – Average 2 – Slightly Important 1 – Not Important

- Affordable Housing Financing
- Acquisition/Relocation
- CHDO Assistance
- Construction Management
- Economic Development
- Effective Agreements
- Environmental Review
- Financial Management
- Green Building
- Homelessness Issues
- IDIS
- Income Determinations
- Lead-Based Paint
- NSP
- Procurement
- Subrecipient Management
- Using Outcomes to Measure Performance
- Other (Please specify): _____