



U.S. Department of Housing and Urban Development
Houston Field Office, Region VI
Office of Community Planning & Development
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Houston, Texas 77002
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FEB 26 2019

Nancy S. Mikeska, Director
Community Development
City of Conroe
300 W. Davis, Suite 530
P.O. Box 3066
Conroe, TX 77305

Dear Ms. Mikeska:

Subject: End of Year Assessment for Program Year (PY) 2017
October 1, 2017 through September 30, 2018

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 in compliance with these statutes and has the continuing capacity to carry out the programs for which it receives funds. One of the tools used to conduct the assessment is the Consolidated Annual Performance and Evaluation Report (CAPER). Conroe's CAPER was received electronically through the Integrated Disbursement and Information Systems (IDIS) eCon Planning Suite on December 28, 2018. The report was timely and received within 90 days of the end of the City's program year in accordance with 24 CFR 91.520(a).

The CAPER review is directed not only toward meeting the mandates of the statute but assists in working collaboratively to achieve the revitalization goals of the community as well. The review 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 also 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. A copy of the FHEO comments is enclosed with this letter.

For Program Year 2017, the third year of the City's five year, October 1, 2015 through September 20, 2020, Consolidated Plan term, the City received \$577,772 in Community Development Block Grant (CDBG) funds. No program income was generated by any of the HUD funded activities. The review was conducted by comparing the CAPER and the Consolidated and Annual Action plans in conjunction with reports from IDIS. IDIS provides

HUD with performance information about a grantee's activities. The reports reviewed included but were not limited to the IDIS CDBG Activity Summary Report (GPR) for Program Year 2017, also known as the PR03, and the CDBG Financial Summary Report, also known as the PR26.

The IDIS PR03 report provides details of the CDBG activities undertaken by the City during the program year, including details of projects and activities, the amount of funding allocated per project and activity and how much was spent and how many have benefitted from the activity. A PR03 for Program Year 2017 was run on January 29, 2019 and again on February 22, 2019. The report reflected that of the seven activities underway during the year Activities 99, 102, and 105 were in a completed status. Of the remaining four activities, Activities 104 and 108 were in an open status with some funds and the Activities 104 and 108 were in an open status with 100% of the funds drawn. The City is encouraged to review the four open activities and update their statuses accordingly.

The IDIS PR26 report reflects CDBG spending during the program year including the percentage of funds benefitting 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. Conroe's PR26, as of December 10, 2018, reflected a 100.00% benefit to low-and moderate-income persons. The percentage of funds obligated for public service activities was .81% of the grant amount, and the percentage of funds obligated for administration and planning were 13.85% of the grant amount. By regulation, the standard allowable limits are 15% and 20% respectively.

The Current 60 Day Ratio report (PR56) documents 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 Conroe met its timeliness ratio for Program Year 2017 with a 1.30 ratio on August 2, 2018. The City's next timeliness test date is August 2, 2019. As of February 22, 2019, the City had a current ratio of 2.02 and would need to disburse \$329,790 prior to the test date.

The City of Conroe is congratulated on another successful program year. As a result of this office's assessment and the information provided in the PY 2017 CAPER, the following was determined:

- The City carried out its program as described in its Consolidated and Annual Action Plan submissions,
- The Consolidated Plan submission, as implemented, complies with the requirements of the Housing and Community Development Act and other applicable laws and regulations.

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 Conroe. Please recognize that the comments and conclusions made in this letter are subject to a 30-day review and comment period by the City. We may revise this letter after consideration of Conroe's views, and will make the letter, the City's



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2/13/19

DATE: February 13, 2019

MEMORANDUM FOR: Stacia L Johnson, Director, Houston Field Office of
Community Planning and Development, 6ED

FROM: *Christina Lewis* FHEO Director
Office of Fair Housing and Equal Opportunity, Region VI,
6EES

SUBJECT: Review of the Consolidated Annual Performance Evaluation
Report (CAPER)
Grantee: Conroe, Texas
Program Year: 2017 (October 1, 2017 to September 30,
2018)

This letter serves as acknowledgement of our receipt of the copy of the CAPER for Conroe, Texas. The Office of Fair Housing and Equal Opportunity (FHEO) has completed its review and acknowledges that the Grantee has met the criteria set forth in HUD Regulations and FHEO requirements; therefore, FHEO recommends approval. The following comments are offered:


- The Grantee is encouraged to allocate adequate funding and develop and implement policies and programs that will eliminate impediments identified in the City's Consolidated Plan.
- The City is encouraged to increase fair housing activities that will produce substantive results measured by quantitative data analysis and/or financial statement. This can be accomplished by designating funds and human resources toward the elimination of the fair housing impediments identified in the City's Con Plan and/or Analysis of Impediments. By creating and implementing fair housing programs and activities throughout the fiscal year, the City may obtain incremental success toward eliminating its fair housing impediments.

If you have any questions or require technical assistance in this matter, please contact Daniel L Curley PhD, Equal Opportunity Specialist, at (713) 718-3188.

comments, and any revisions available to the public within 30 days after receipt of the comments. Absent any comments by the City, this will be considered the final letter on this subject. Upon final approval, the CAPER will be available to the public on the HUD Exchange at: <https://www.hudexchange.info/consolidated-plan/con-plans-aaps-capers/>.

If you have any questions please contact me or call Christine Cuddeback, Senior Community Planning and Development Representative, at (713) 718-3117 or via email at christine.l.cuddeback@hud.gov.

Sincerely,



Stacia L. Johnson, Director
Community Planning and Development

Enclosure