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Community Development

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FEB 17 2012

Alsie Bond, Manager
Community Development Services Department
City of Bryan
P.O. Box 1000
Bryan, Texas 77805

Dear Ms. Bond,

SUBJECT: Annual Community Assessment for Program Year 2010
(October 1, 2010 – September 30, 2011)

The principal purpose of this letter is to relate the conclusions of the Annual Community Assessment (ACA) conducted by the U. S. Department of Housing and Urban Development (HUD) of the programs included in the City of Bryan's Consolidated Annual Performance and Evaluation Report (CAPER). The evaluation is based upon the grantee's CAPER, data as reported in the Integrated Disbursement and Information System (IDIS) and other information (Consolidated Plan, financial reports, etc.) available to this office. The Consolidated Plan Management Process (CPMP) Tool in particular provided a great deal of vital information. Through this performance review, HUD's Office of Community Planning and Development (CPD) is able to combine the statutory and regulatory requirements for evaluation of program progress, review program management and determine whether or not the City has the continued capacity to adequately implement and administer the programs for which federal assistance is received.

During the process involving the preparation of the ACA, CPD has examined the City's management of funds and activities undertaken for consistency with the priorities and objectives outlined in the City's Consolidated Plan. Therefore, the information provided in the CAPER for this and past program years was examined for compliance and accuracy with statutory and regulatory requirements (Part 91.520 and 91.525). CPD's review is based on an evaluation of the City's consolidated planning, program progress in the program management of funds and subrecipients, the annual performance report, and the achievement of program objectives. In Program Year 2010, Bryan received \$ 1,017,828 in Community Development Block Grant (CDBG) funds and \$471,868 in HOME Investment Partnerships Act (HOME) funds.

HUD congratulates the City of Bryan on those many worthwhile accomplishments achieved as a direct result of the professionalism and hard work of the City of Bryan's staff and management during the past year. HUD anticipates that the City will achieve all the yearly and multi-year goals for the Consolidated Plan period.

Primary Benefit

In 2010, the City expended 99.52 percent of its CDBG funds for activities that benefit low and moderate income (LMI) persons. This percentile meets and even exceeds the 70 percent minimum standard for overall program benefits. As a result, the City of Bryan is recognized for the City's strong commitment to activities benefiting low and moderate income persons.

Planning and Administration

In 2010, the amount of funds expended on planning and administration with CDBG funds equated to 19.77 percent which almost equals the 20 percent cap for these activities. So, the City was just within the allowable percentage. However, the City should maintain close vigilance regarding this requirement into the future in order to ensure that the 20 percent cap is not exceeded.

Public Services

In 2010, the City obligated 13.55 percent of CDBG funds for public services. This is a slight decrease from last year. This percentile is within the 15 percent cap and is therefore fully acceptable. However, the City should continue to pay close attention to this requirement in order to make certain that the 15 percent cap is not exceeded in future years.

Minor Home Repair Assistance Program

For Program Year 2010, Table 1C reflects that the City had an important objective regarding the Minor Home Repair Assistance Program. The City utilizes CDBG funds for this objective. Specifically, the City had the annual objective of assisting with 15 minor repair projects including sweat equity projects annually or 75 over the 5 years. The actual accomplishment stood at 41 assisted in 2010 which equates to 273 percent of the annual objective for the 2010 Program Year. In fact, the City has already completed 54.6% of the five year goal.

As a result, the City of Bryan performed at an ideal and exceptional level of performance with regard to this particular objective. CPD greatly appreciates your hard work and dedication and that of your staff with regard to this goal. CPD is extremely pleased with the City of Bryan's performance regarding this yearly and multi-year goal and greatly desires to see this level of performance (or at least at the 100 percent level) be reproduced with respect to all of the City's annual goals for the five year period

Owner Occupied Rehabilitation

For Program Year 2010, Table 1C reflects that the City had an objective regarding owner occupied rehabilitation. The City utilizes both CDBG and HOME funds for this objective. Specifically, the City had the annual objective of rehabilitating 3 substandard housing units to standard condition annually or 15 over the 5 year period. The actual accomplishment was only 1

owner occupied rehabilitation project completed which equates to 33% of the annual objective for the 2010 Program Year.

Therefore, unfortunately, the City has fallen behind in its first year and will now have to exceed its performance in future years in order to make up for the deficit in production from the first year. It is possible to make up for deficits in future years by increasing production beyond that which was originally the goal for future years. However, that is not an optimal way of proceeding as it means that benefits for beneficiaries shall be delayed.

Integrated Disbursement and Information System – PR03

It was noted during the review that the City of Bryan generally does provide pertinent information in the accomplishment and description fields of IDIS as demonstrated on the PR03 Report for Program Year 2010. This is a significant achievement by the City of Bryan. The IDIS system is an absolutely critical and crucial system which is relied upon to determine the status and progress of the CDBG Program.

HOME - Open Activities

The Outcome Performance Measurement System for Community Planning and Development's four formula programs, and the modernization of IDIS has brought renewed focus on the quality and timeliness of IDIS data input by participating jurisdictions (PJ) and other grantees. PJs must report HOME project completion and beneficiary data for initial occupants timely by entering it in IDIS on a regular basis, and periodically review the status of all projects in the system to identify those that need to be cancelled. The HOME final rule at 24 CFR 92.502(d)(1) requires PJs to enter project completion information into IDIS within 120 days of making a final draw for a project. Failure to do so is a violation of this provision and of 24 CFR 92.504(a), which states that PJs are responsible for managing day-to-day operations of its program. The final rule also states that HUD may suspend further project set-ups or take other corrective actions, if satisfactory project completion data is not provided.

In addition, failure to enter project completion data negatively impacts a PJ's score on several HOME Performance SNAPSHOTs indicators, understating actual accomplishments and reducing the PJ's statewide and national overall rankings. The frequent failure of PJs to timely enter completion and beneficiary data results nationally in underreporting of actual HOME Program accomplishments to Congress and the Office of Management and Budget (OMB) and may negatively impact future funding for the program.

PJs should have effective quality control systems in place in order to ensure that required project completion information and beneficiary data are complete, accurate and entered into IDIS at least monthly. Project completion information, including beneficiary data for any occupied units, should be entered into IDIS as soon as it is available. Beneficiary data for units that are vacant at the time of project completion should be entered as they are obtained. For homeowner rehabilitation projects, project completion data, including beneficiary data, should be entered as soon as the rehabilitation and final inspections are completed. For homebuyer projects (particularly those involving downpayment assistance with no construction activity), project completion and beneficiary data can often be entered at the time that a final draw is made, as

total costs, other financing sources, and occupant information are known at that time. If this is not possible, project completion information should be entered immediately after the closing. Completing a project requires changing the status code in IDIS. Instructions for completing projects can be found in Chapter 4 of the IDIS Reference Manual available online.

Therefore, it is crucial that PJs improve their performance reporting both to comply with HOME regulations and to ensure accurate individual and national reporting on HOME accomplishments. To assist PJs in identifying projects that may need to be cancelled or projects that remain in "open" status despite their having been completed, CPD will be posting a report, the HOME PJs Open Activities Report, on its website each month. CPD strongly recommends that you frequently access this report and take appropriate action as per the guidance discussed above. CPD has begun publishing the report, HOME PJs Open Activities Report, on the internet at the following site:

<http://www.hud.gov/offices/cpd/affordablehousing/reports/open/>

Acceptable Documentation of HOME Commitments

A HOME participating jurisdiction's commitment total, as shown on HUD's HOME Deadline Compliance Status Report, reflects its commitments in IDIS at the end of each month. Often, HUD's HOME Deadline Compliance Status Report indicates that a HOME PJ has a commitment shortfall at the time of its statutory two-year commitment deadline because while it has committed funds to organizations or projects, it has not yet entered those commitments in IDIS. Before deobligating the shortfall amount, HUD allows the PJ to submit documentation of project commitments not reflected in IDIS at the time of the PJ's commitment deadline.

The HOME Final Rule at § 92.2 defines commitment as: "the participating jurisdiction has executed a legally binding agreement with a State recipient, a subrecipient or a contractor to use a specific amount of HOME funds to produce affordable housing or provide tenant-rental assistance; or has executed a written agreement reserving a specific amount of funds to a community housing development organization; or has met the requirements to commit to a specific local project..." as described at § 92.2 Commitment, paragraph (2).

1. Commitments in IDIS

The simplest way to demonstrate HOME commitments is through IDIS. HOME activities funded with entitlement funds in IDIS are counted as HOME commitments. Also, commitments in IDIS include general subgrants to state recipients and subrecipients; reservations to CHDOs; and commitments to administrative, CHDO operating, CHDO capacity building, or CHDO loans activities.

A PJ may never set up a project or subgrant in IDIS before it executes a legally-binding written agreement committing the funds.

2. Commitments not in IDIS

In addition, HUD permits PJs to submit documentation of HOME commitments executed prior to the commitment deadline, but not in IDIS at the time of the deadline. Specifically, the same

documentation that supports commitments in IDIS -- a legally-binding written agreement or contract between the PJ and a state recipient, subrecipient, program recipient (including homeowners, housing authorities and property owners) or contractor, signed and dated by both parties on or before the deadline date committing a specific amount of HOME funds to a specific HOME project -- is evidence of a HOME commitment that has not been entered into IDIS.

In order to demonstrate that the written agreement was executed properly by the parties prior to the deadline, the signature page should contain the signatures of all parties along with the date of execution. An agreement that is dated only on the first page is not acceptable as a commitment. Given the importance of the execution and dating, it may be in the PJ's best interest to have signatures notarized or otherwise formally attested to on the signature page of the agreement.

If the PJ owns the land and/or is the developer, HUD will accept as a HOME commitment evidence that construction is expected to start within 12 months. If the construction will be undertaken by contractors, such evidence should include completed architectural plans and, if required, the construction permit, along with an executed contract for construction of the project. If the construction will be undertaken by the PJ's employees, the evidence should include completed architectural plans and, if required, the construction permit, along with a schedule for construction work.

Since "land banking" is not allowed in the HOME Program, should the PJ acquire land with HOME funds with the intention to convey it to a developer for a HOME project, there must be an actual project before the PJ may use HOME funds for acquisition, and the PJ must document that construction on the specific project will begin within 12 months.

HUD also accepts as evidence of HOME commitment a written agreement signed by both a PJ and a CHDO reserving a specific amount of HOME funds to produce affordable housing, committing funds to a specific CHDO project, or committing a specific amount of HOME funds for CHDO operating costs not already entered in IDIS. Like other written agreements, the signatures of all parties signing written agreements for CHDO set aside, CHDO operating, or CHDO capacity building funds must be accompanied by the execution date.

A written agreement may provide that the HOME funds for a specific project are conditioned upon compliance with the environmental review requirements of the National Environmental Policy Act and HUD regulations in 24 CFR Part 58.

In summation, if the data entered into IDIS indicate a shortfall at the time of the PJ's commitment deadline and the HUD field office has requested, received, and reviewed documentation submitted by the PJ as evidence of commitments prior to the deadline not entered in IDIS, the amount of commitments accepted by the field office will be deducted from the PJ's commitment shortfall. In order to document the deduction of these commitments accepted by the field office, but not reflected in IDIS at the time of the PJ's commitment deadline, the field office must submit a summary of the documentation it counted as commitments to the Office of Affordable Housing Programs (OAHP) in Headquarters. The summary must include the types of agreements, the dates of agreement execution, the agreement amounts, and field office verification that the agreements were not set up as HOME activities in IDIS as of the date of the PJ's commitment deadline.

Program Progress

The vital importance of the careful stewardship over taxpayer funded activities by the City of Bryan cannot be overemphasized. Ideally, it is far preferable for a city to achieve each of its yearly goals rather than having to catch up and greatly increase the level of performance in the last few years of a five year cycle. Therefore, HUD brings this matter to the City's attention in this the early part of the five year cycle. HUD anticipates that the City will meet or exceed all of its objectives both on an annual and multi-year basis.

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, or national origin in all HUD-assisted programs. Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) prohibits discrimination in the sale, rental and financing of dwellings based on race, color, religion, sex or national origin. Title VIII was amended in 1988 by the Fair Housing Amendments Act, which expanded the coverage of the Fair Housing Act to prohibit discrimination based on disability or on familial status (presence of a child under the age of 18 and pregnant women). In the HUD workforce, Fair Housing and Equal Opportunity (FHEO) staff has the primary responsibility of ensuring compliance with fair housing laws. With reference to fair housing, FHEO staff has reviewed the information that the City of Bryan has submitted. Please be aware that Jeff Carlock, HUD Equal Opportunity Specialist, has been assigned as Brazoria County's FHEO contact pertaining to HUD fair housing issues. He personally evaluated your CAPER. The FHEO staff person took issue with the CAPER on the basis of two factors. Specifically, Mr. Carlock stated that there is "no funding to Fair Housing activities" and "no impediments identified." CPD encourages direct communication between the City and FHEO in order that the City might fully ascertain FHEO's expectations in detail, clear up any misunderstandings or uncertainties, determine exactly how the City might adequately fulfill FHEO's expectations, and ultimately meet FHEO's expectations for the City for 2010 and future years. Please be aware that CPD does not have the authority to either make or close FHEO's findings. FHEO is not a subdivision of CPD. Mr. Carlock of FHEO may be reached directly at 713-718-3182.

Summary

Based on our review of information pertaining to Bryan's performance in the CDBG and HOME programs during the period covered, we have determined that the City of Bryan has generally carried out its programs substantially as described in its Consolidated Plan. The Consolidated Plan submission as implemented generally complies with the requirements of the Housing and Community Development Act and other applicable laws and regulations. It has also been determined that the City has the continuing capacity to carry out its approved programs. This determination, however, does not reflect a comprehensive evaluation of specific activities. The City has met its annual report requirements.

This report is intended to be shared with the public. You may provide copies to interested persons such as the news media, members of local advisory committees, and citizens attending public hearings. We also request that you provide a copy of this letter to the

Independent Public Accountant who performs the single audit of the City of Bryan in accordance with OMB Circular A-133.

Please recognize that the comments and conclusions made in this letter are subject to a 30-day review and comment period by the City of Bryan. We may revise this letter after consideration of the City'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 comments by the City, this will be considered the final letter on this subject.

Again, HUD congratulates the City of Bryan on those many noteworthy accomplishments achieved as a direct result of the professionalism and hard work of the City of Bryan's staff and management during the past year of 2010. HUD looks forward to the achievement of all the yearly and multi-year goals in the future by the staff of the City of Bryan. If you have any questions regarding this 2010 ACA, please contact me or call Robert Beck, Community Planning and Development Representative at 713-718-3119.

Sincerely,



Sandra H. Warren
Director, Community Planning and
Development