



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Chicago Regional Office
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Chicago, Illinois 60604-3507

OFFICE OF
COMMUNITY PLANNING & DEVELOPMENT

SEP 14 2009

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HUMAN SERVICES

Honorable Robert J. Schillerstrom
Chairman
DuPage County Board
421 North County Farm Road
Wheaton, IL 60187

Dear Chairman Schillerstrom:

Subject: DuPage County
2008 Program Year End Review Letter
Grant Numbers - B-08-UC-17-0002 (CDBG), S-08-UC-17-0002 (ESG),
M-08-UC-17-0214 (HOME)

The provisions of the Housing and Community Development Act of 1994, as amended, and the National Affordable Housing Act of 1990, require the annual submission of performance reports by grant recipients receiving Federal assistance through programs covered under these Acts. Additionally, these Acts require that a determination be made by the Secretary, that the grant recipient is in compliance with the aforementioned statutes and has the continuing capacity to administer the programs for which assistance is received.

Traditionally, these determinations were made through the review of annual reports submitted by grantees for each individual program receiving assistance. With the implementation of the Consolidated Planning Regulations of January 5, 1995, the Department is charged with making a comprehensive performance review of DuPage County's (the County) overall progress, at least annually, as required by the statutes and 24 CFR 91.525 of the regulations. The review consists of analyzing the County's consolidated planning process, reviewing management of funds, determining progress made in carrying out policies and programs, determining the compliance of funded activities with statutory and regulatory requirements, determining the accuracy of required performance reports, and evaluating accomplishments in meeting key Departmental objectives.

This letter incorporates The Chicago Regional Office of Community Planning and Development's (CPD) review of the County's 2008 Consolidated Annual Performance and Evaluation Report (CAPER), which consists of the County's 2008 Community Development Block Grant (CDBG), Emergency Shelter Grants (ESG) and Home Investment Partnerships (HOME)-funded activities. This letter is organized to address specific elements: the Consolidated/Action Plan, grantee performance, and overall evaluation and conclusions.

HUD requests that you share this letter and the attachments with the residents of the County. Should you have questions, contact Michael McAfee, Senior CPD Representative, at 312-913-8707 or michael.a.mcafee@hud.gov.

Sincerely,

A handwritten signature in black ink that reads "Ray E. Willis". The signature is written in a cursive style with a large, stylized initial "R".

Ray E. Willis

Director

cc: Mary Keating

Attachment: Appendix A - Annual Community Assessment

Annual Community Assessment

Part I: Summary of the Consolidated Plan/Action Plan

The County's 2005-2009 Consolidated Plan clearly established the County's community development priorities, projects and success measures for the next five years. CPD's review of the County's projects, activities and budget as described in the 2008 Annual Action Plan (AAP) and 2008 Consolidated Annual Performance and Evaluation Report (CAPER) are consistent with the following Consolidated Plan needs clusters, (1) elderly, (2) families in crisis, (3) homeless, (4) resources in key neighborhoods and (5) people with disabilities and other special needs.

Part II: Summary of Grantee Performance

Management of Funds

Community Development Block Grant

According to 24 CFR 570.902, HUD will review the performance of each entitlement to determine whether the County is carrying out its CDBG-assisted activities in a timely manner. This review is conducted sixty days prior to the end of the grantee's current program year. Before the funding of the next annual grant and absent contrary evidence satisfactory to HUD, HUD will consider an entitlement recipient to be failing to carry out its CDBG activities in a timely manner if: (1) Sixty days prior to the end of the grantee's current program year, the amount of entitlement grant funds available to the recipient under grant agreements but undisbursed by the U.S. Treasury is more than 1.5 times the entitlement grant amount for its current program year; and (2) The grantee fails to demonstrate to HUD's satisfaction that the lack of timeliness has resulted from factors beyond the grantee's reasonable control. When HUD conducted the County's timeliness review in February 2008, the County had a drawdown ratio of 1.04 and was considered timely.

In addition to the timely expenditure of funds, 24 CFR 570.200(g), 570.201 and 570.200(a)(3) require that the County expend no more than 20 percent of its CDBG funds for administration, 15 percent for public services, and at least 70 percent (over a one, two or three-year period) for eligible activities benefiting low- and moderate-income persons. In 2008, the County spent 16.75 percent of its CDBG funds for planning and administration and 12.63 percent for public services. One hundred percent of these funds benefited low- and moderate-income persons. The aforementioned percentages are in compliance with HUD's expenditure limits and the County's 2006 through 2009 overall benefit certification.

HOME Investment Partnerships

According to 24 CFR 92.204(a)(2)(A), 24 CFR 92.300(a)(1), and 24 CFR 92.204(a)(2)(B), the County must commit and reserve its HOME funds within 24 months and disburse HOME funds within 5 years of the grant award. In regard to its management of HOME funds, the County is a high performer. In fact, according to the June 30, 2009 SNAPSHOT of HOME Program Performance, the County has committed 95.91 percent of its funds and ranks first in the State for rental leases-ups. The County also exceeds State averages in: (1) the percentage of funds disbursed, (2) percentage of completed rental disbursements to all rental commitments, percentage of completed CHDO disbursements to all CHDO reservations, and the percentage of occupied rental units to all completed rental units.

Emergency Shelter Grants

In 2008 the County received \$155,766 in ESG funds. According to 24 CFR 576.35(b)(2), the County must spend all of the grant amounts it was allocated or awarded within 24 months of the date of the grant award by HUD. The County met these requirements by making five grant awards totaling \$111,825. The grants focused on rental assistance, social services and operating costs.

Minority Business Enterprise

While the aforementioned financial indicators demonstrate good performance, HUD has identified one area for improvement -- minority participation in contracts. In accordance with 24 CFR 570.507(c), HUD requires the submission of Minority Business Enterprise (MBE) Reports. The grant administration requirements for CPD programs require adherence to 24 CFR Part 85, which establishes uniform administration rules for Federal grants. When procuring property and services, Part 85.36(e)(1) stipulates that the grantee and subgrantee will take all necessary affirmative steps to ensure that Minority Business Enterprises (MBEs), Women's Business Enterprises (WBEs) and labor surplus area firms are used.

An analysis of the 2008 MBE report shows that, between the reporting periods of October 1, 2007 to September 30, 2008, 40 contracts totaling \$2,674,599 were awarded. Two were awarded to minority-owned businesses. These contracts totaled \$8,722. HUD is concerned regarding the County's efforts to establish contracts with MBE and WBE businesses. In light of this, HUD strongly encourages the County to strengthen its outreach efforts so that minority and women-owned businesses are provided the opportunity to receive a greater share of the County's contracts.

Compliance with the Consolidated Plan

The County adhered to its Consolidated Plan priorities. The priorities for the 2007 AAP are consistent with the four priorities described in the 2005-2009 Consolidated Plan. The needs clusters are: (1) elderly, (2) families in crisis, (3) homeless, (4) resources in key neighborhoods and (5) people with disabilities and other special needs. HUD finds that the activities are performing well and significant progress is being made toward achieving the goals outlined in the Consolidated Plan. While there were many successes in 2008, HUD especially commends the County for:

- having no Red Flags on the SNAPSHOT Worksheet,
- having 100 percent of CDBG funded-activities benefitting low- and moderate income persons,
- placing 342 units of affordable rental housing into service,
- assisting 29,109 persons with services that prevent homelessness, and
- assisting 20 persons with moving into homeownership.

Accuracy of Performance Reports

According to 24 CFR 91.520(a), the County is required to annually report on its performance within 90 days after the program year. The County's 2008 CAPER was submitted on time. The County's 2008 CAPER was due on July 1, 2009 and was submitted to HUD on June 16, 2009.

Audit Requirement

The Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations was issued pursuant to the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996. It sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments and non-profit organizations expending Federal awards. Non-Federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program specific audit conducted for that year in accordance with the provisions of Subpart B of the Circular.

It is necessary that you provide a copy of this letter to your IPA/Auditor and instruct them to focus their review of your next audit on the financial reporting requirements of the Community Development Block Grant (CDBG) program.

Part III: Overall Evaluation and Conclusions

HUD has determined that the County's overall performance and progress is good. The Consolidated Plan, as implemented, appears to comply with the requirements of the Housing and

Community Development Act and other applicable laws and regulations. Consequently, the County has the continuing capacity to administer Community Planning and Development programs.