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October 26, 2023

Lynn Sturkie
County Administrator
Lexington County
212 South Lake Drive
Lexington, South Carolina 29072

Mr. Sturkie:

Subject: Consolidated End-of-Year Review, Program Year 2022

The Department of Housing and Urban Development is required to conduct an annual assessment of performance by each formula grant recipient. As part of this process, HUD must determine whether the recipient complies with the program's implementing statutes and regulations. In addition, HUD must determine whether the recipient has the continuing capacity to implement and administer the programs that receive formula funding.

This letter serves to report the results of HUD's assessment of Lexington County's administration of the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) programs for the reporting period covering July 1, 2022, through June 30, 2023.

HUD's evaluation of the County's 2022 performance is based on documents and reports submitted by the County and ongoing technical assistance provided throughout the year. The information examined includes the County's Consolidated Plan, Annual Action Plan, and the Consolidated Annual Performance and Evaluation Report (CAPER).

Report

Lexington County continues to demonstrate the capacity to effectively administer the formula grant programs. HUD's assessment of the County's performance in carrying out these programs during the 2022 program year follows:

- During the program year, the County carried out CDBG, ESG, and HOME activities substantially as described in its Consolidated Plan and subsequent Annual Action Plan.
- The County's 2022 Consolidated Annual Performance and Evaluation Report (CAPER) was originally received by HUD on September 18, 2023, resubmitted with revisions on October 13, 2023 and October 16, 2023, and the report was determined to be complete on October 16, 2023.

Community Development Block Grant (CDBG) Program

Community Development Block Grant CARES Act (CDBG-CV) Program

During Program Year (PY) 2022, the County received a total of \$1,862,133 in CDBG funds. HUD commends the County for its many accomplishments during the past year in addressing the goals outlined in the 2022 Annual Action Plan. The Integrated Disbursement Information System (IDIS) CDBG Financial Summary Report (PR-26) indicates that **100** percent of the County's CDBG expenditures during PY 2022 benefited low and moderate-income persons. This report also indicates that the County expended **19.72** percent of CDBG funding for planning and administration costs and **13.14** percent for public services, which are within the respective program caps for these activities.

HUD's assessment of a grantee's overall program progress includes an analysis of each grantee's compliance with the timely expenditure requirements of the CDBG program, as outlined in section 570.902 of the CDBG regulations. The analysis is performed 60 days prior to the end of the County's program year (June 30). Compliance is determined by dividing the total amount of funds available by the County's most recent CDBG grant, including any program income on hand or funds in a revolving loan fund, referenced as "RL" funds in IDIS, which results in a ratio reflecting the number of years of CDBG funding the County has available. The regulations state that this ratio must not be greater than 1.5 times the grant recipient's entitlement grant for the current program year, including any program income on hand. The County's ratio on May 2, 2023, was **1.36**. Currently, the County has a ratio of **1.91** and should expend **\$770,338** by May 2, 2024, to comply with the CDBG Program's Timeliness Standard (see IDIS PR-56 report).

Under the CARES Act, Lexington County received a total of \$2,501,688 in CDBG-CV funding. The CDBG-CV Round 1 grant agreement in the amount of \$1,086,200 was executed on August 24, 2020, and the CDBG-CV Round 3 grant agreement in the remaining amount was executed by HUD on March 16, 2021, (CDBG-CV Round 2 was only awarded to States). As noted in the CDBG-CV Notice, the public service cap of 15 percent was waived for CDBG-CV funds. The County has expended \$2,216,829.66 of its CDBG-CV funds; and \$2,120,705.73 (95.66 percent) of this total was used for public service activities. The County did not use any of its CV funds for planning and administration according to the CDBG-CV PR 26 report dated October 13, 2023. The County must expend 100 percent of its CDBG-CV funds by June 24, 2026. Updated COVID-19 information and guidance related to the CDBG-CV Program can be found at:

<https://www.hudexchange.info/programs/cdbg-cv/>

Home Investment Partnerships (HOME) Program

During the 2022 Program Year the County received a total of \$840,327 of HOME funds. According to the IDIS PR-27 report, the County reported HOME expenditures of approximately \$436,524.72 for comprehensive housing rehabilitation, and \$0 for first time homebuyer during the reporting period. The County budgeted \$84,032.70 and committed \$80,000 for planning and administration activities during PY 2022 and disbursed \$69,449.73 which complies with the 10 percent planning and administration cap.

The review determined that the County complies with applicable requirements of the HOME Program. HUD determined that the County has complied with the 15 percent set-aside requirement for participation by Community Housing Development Organizations (CHDOs) required at 24 CFR

92.300(a)(1). PJ's have 24 months to reserve the required 15 percent for CHDO activities. Per the IDIS PR-25, PR-27, and PR-49 reports the County complies with this requirement. As of September 26, 2023, the County has disbursed 100 percent of its FY2015, FY2016, FY2017, FY2018, FY2019, and FY2020 CHDO funding. The interim rule was effective on January 3, 2017, and HUD published a short summary of the changes made by the rule. The changes to the HOME Program Commitment Requirement Interim Final Rule and Summary can be viewed at:

<https://www.hudexchange.info/programs/grant-based-accounting/#home>.

The County reports it contributed HOME matching funds during 2022 of \$107,000. The County's match liability per the IDIS PR-33 report is \$104,125.30 and the County will carry over \$2,131,991.78 for 2023.

On December 2, 2016, HUD published an interim regulation implementing a grant-specific method of determining compliance with the statutory 24-month deadline for committing HOME funds. The interim rule was effective on January 3, 2017. HUD also published a short summary of the changes made by the rule. The changes to the HOME Program Commitment Requirement Interim Final Rule and Summary can be viewed at: <https://www.hudexchange.info/resources/documents/HOME-Grant-Based-Accounting-Interim-Rule-Summary.pdf>.

The *HOME PJs Status of Open Activities Report (PR-48)* identifies open activities in IDIS including activities with 100 percent of the funds drawn and with a status code of FD, or final draw. The HOME final rule at 24 CFR 92.502(d)(1) requires PJs to enter project completion data into IDIS within 120 days of making a final draw for a project. As of the date of this letter, the County has one HOME activity (activity #670) that is 100 percent drawn that must be closed within 120 days of final draw. The County should close this activity as soon as possible to comply with the HOME final rule.

The *HOME PJs Vacant Unit Report (PR-47)* helps HOME PJs identify units in HOME projects that are marked "vacant" in IDIS. If the vacant units are part of a completed HOME IDIS activity, occupancy and beneficiary data should be entered for these units. As of the date of this letter, there are no units identified as vacant in the report without beneficiary data. Each of these reports, in addition to other valuable HOME Program information, can be accessed at the following web site:

<https://www.hudexchange.info/programs/home/>

HUD reminds the County to properly record accomplishments and update the activity status in IDIS and perform IDIS draws in a timely manner for all its HOME funded activities. This includes updating IDIS to ensure that completed projects include beneficiary and accomplishment information.

Emergency Solutions Grant (ESG) Program

Emergency Solutions Grant CARES Act (ESG-CV) Program

The County expended a total of \$124,758.34 (78.39 percent) of its 2022 Emergency Solutions Grant (ESG) funding and has \$34,401.66 remaining to draw (per the ESG CAPER). ESG funds were expended on emergency shelter, rapid re-housing, and data collection. The County utilized three subrecipients (Sistercare, One Eighty Place, and United Way of the Midlands) to carry out its ESG activities. The County complies with the 7.5 percent cap for ESG administration and the 60 percent cap on street outreach and emergency shelter. The review determined that the County is administering its ESG funds in an acceptable manner.

On August 24, 2020, the County's ESG-CV Round 1 and Round 2 grant agreements were executed allowing for a total award of \$1,746,250. On August 6, 2022, the County's ESG-CV funding

was reduced by 16.13 percent or \$281,585.70 due to the County's failure to meet the ESG-CV expenditure requirement (the County's allocation was revised to \$1,464,664.30). At time of CAPER review, the County has disbursed \$1,296,725.68 (86.76 percent) of its ESG-CV funding. Per the guidance provided in the ESG-CV Notice, all funds awarded (both Round 1 and 2) must have been expended on eligible activities that are used to prevent, prepare for, and respond to Coronavirus by September 30, 2023. According to the PR-91 report the County has until December 23, 2023, to draw the remaining \$152,966.60 ESG-CV funds for all costs incurred on or before September 30, 2023. Any funds that are not drawn by December 23, 2023, will be recaptured. Additionally, the closeout should be completed no later than April 30, 2024. For more information and guidance on ESG-CV closeout please access at the following web site: <https://www.hudexchange.info/trainings/courses/esg-cv-recipient-office-hours-preparing-for-esg-cv-closeout/>.

Recommendations

The County should continue to monitor the progress of each of its funded activities and to update accomplishments in IDIS in a timely manner. HUD uses the PR-59 report to identify CDBG funded activities which are aged or lack proper beneficiary information. The County should utilize this report as a tool to ensure that IDIS data is current.

Analysis of Impediments to Fair Housing

As a recipient of HUD formula grant funding, the County must certify that it will take steps to affirmatively further fair housing within its jurisdiction. The Analysis of Impediments to Fair Housing Choice (AI) is a tool that grantees use to identify and remedy conditions that impede fair housing choice. HUD's Office of Fair Housing and Equal Opportunity (FHEO) may review the CAPER and any comments will be transmitted separately.

Public Access

HUD is required to make this report (inclusive of your comments) available to the public within 30 days of receipt of any comments from the County and HUD encourages the County to share this report with all interested citizens. This can be accomplished in a variety of ways, such as sharing it with your Citizens Advisory Committee, citizens attending hearings or meetings, or with the local media.

The review concluded that Lexington County has followed the goals and priorities in its five-year Consolidated Plan and subsequent Annual Action Plan and made progress during the 2022 program year toward meeting these goals and priorities. If you have any questions or need additional assistance, please contact me at (803) 765-5344 or Sheila Sossamon, CPD Representative, at (803) 253-3056 or at email sheila.r.sossamon@hud.gov.

Sincerely,



Bradley S. Evatt, Director
Community Planning and Development

cc: Robbie Derrick, Director, Community Development
Sandy Fox, Grants Administrator, Community Development