



U. S. Department of Housing and Urban Development
South Carolina Field Office
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October 21, 2021

Marc Orlando
Town Manager
Town of Hilton Head Island
1 Town Center Court
Hilton Head Island, South Carolina 29928

Mr. Orlando:

Subject: Town of Hilton Head Island
Consolidated End-of-Year Review
Program Year 2020

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 is in compliance 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 the Town's administration of the Community Development Block Grant (CDBG) program for the reporting period covering July 1, 2020, through June 30, 2021.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

The Town was awarded \$238,313 in CDBG funds. The Town reported an expenditure of approximately \$483,136.54 for programmatic activities and \$12,700 for planning and administration activities during the reporting period (see IDIS PR-26 report).

An entitlement grantee may expend up to 20 percent of each grant (plus program income) for planning and administrative costs. During the reporting period, the Town expended 5.33 percent of its CDBG entitlement grant for planning and administration costs. Accordingly, the Town complies with the planning and administrative cap under the CDBG program.

The CDBG regulations at 24 CFR Part 570.201 (e)(1) require that the grantee expend no more than 15 percent of the entitlement grant for that year, plus 15 percent of the program income received during the previous grant year on public service activities. This requirement

was waived for FY 2020. The Town expended 94.56% of its CDBG grant funding for public service activities during the reporting period.

In accordance with the regulations found at 24 CFR 570.902(a)(1)(i), HUD tests to determine if the Town is carrying out its CDBG assisted activities in a timely manner. This statutory requirement stipulates that the amount of available and undisbursed grant funds in a grant recipient's line of credit account be no more than 1.5 times the grant recipient's entitlement grant for the current program year, including any program income on hand or funds in a revolving loan fund, referenced as "RL" funds in IDIS. As determined by IDIS, the Town had 1.14 years of undisbursed funds available in its line of credit at the time of the 2020 review. This undisbursed fund ratio placed the Town within the timely expenditure standard. **The next CDBG timeliness test will occur on May 2, 2022, and the Town must draw a minimum of \$85,261 by that date to ensure continued compliance with the timeliness requirement (see IDIS PR-56 report).**

The Town must properly record accomplishments and update the activity status in IDIS and perform IDIS draws in a timely manner for all its CDBG-funded activities. This includes updating IDIS to ensure that completed projects include beneficiary/accomplishment information. The IDIS PR-59 Report is a good resource to help grantees achieve compliance with these requirements. HUD may determine activities without beneficiary information as ineligible for failure to meet a CDBG national objective.

CARES ACT FUNDING – CDBG-CV

The Town received a total of \$532,088 of CDBG-CV funds for Program Year 2020. The Town reported an expenditure of approximately \$505,484 for programmatic activities and \$26,604 for planning and administration during the reporting period.

An entitlement grantee may expend up to 20 percent of each grant (plus program income) for planning and administrative costs. During the reporting period, the Town expended 5 percent of its CARES Act (CDBG-CV) funding for planning and administration costs. Accordingly, the Town complies with the planning and administrative cap under the CDBG program.

The CDBG regulations at 24 CFR Part 570.201 (e)(1) require that the grantee expend no more than 15 percent of the entitlement grant for that year, plus 15 percent of the program income received during the previous grant year on public service activities. This requirement was waived for FY 2020 for CDBG-CV funding. The Town expended \$505,484 (95%) of its CDBG-CV grant funding for public service activities during the reporting period.

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING

As a recipient of HUD formula grant funding, the Town 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. The Office of Fair Housing and Equal Opportunity and the Office of Public and Indian Housing (PIH) may review the Town's CAPER and may provide substantive comments under separate cover.

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 Town. Please share this report with all interested citizens.

CONCLUSION

HUD's annual assessment determined that during the 2020 Program Year the Town of Hilton Head Island achieved an acceptable level of accomplishment to demonstrate that it administered its CDBG program in accordance with Title I of the Housing and Community Development Act of 1974, as amended; and the National Affordable Housing Act of 1990, as amended; and applicable laws and implementing regulations.

If you have any questions about this review or need additional assistance, please call me at (803) 765-5344 or Adam Housh, Community Planning and Development Representative, at (803) 253-3925 or email at Adam.M.Housh@hud.gov

Sincerely,

A handwritten signature in blue ink that reads "BRADLEY S. EVATT". The signature is written in a cursive style with a large initial 'B'.

Bradley S. Evatt, Director
Community Planning and Development

cc: Marcy Benson, Senior Grants Administrator