



**U. S. Department of Housing and Urban Development**  
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Columbia, South Carolina 29201-2480  
[www.hud.gov](http://www.hud.gov)

October 8, 2020

Stephen G. Riley  
Town Manager  
Town of Hilton Head Island  
1 Town Center Court  
Hilton Head Island, South Carolina 29928

Mr. Riley:

Subject: Town of Hilton Head Island  
Consolidated End-of-Year Review  
Program Year 2019

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 Town's reporting period covering July 1, 2019, through June 30, 2020.

### **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM**

The Town was awarded \$236,013 in CDBG funds. The Town reported an expenditure of approximately \$23,439 for programmatic activities and \$3,200 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 1.36 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. The Town expended none 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 2.34 years of undisbursed funds available in its line of credit

at the time of the 2019 review. This undisbursed fund ratio placed the Town outside the timely expenditure standard. The next CDBG timeliness test will occur on May 2, 2021, and the Town must draw a minimum of \$258,565 by that date to ensure compliance with the timeliness requirement (see IDIS PR-56 report).

Should a grantee fail the timely expenditure requirement for two consecutive years, the grantee's future grant may be reduced by the dollar amount by which the grantee exceeded the 1.5 timely expenditure standard. The only basis for an exception to this policy is if a grantee demonstrates that its lack of timeliness was due to factors beyond its reasonable control. The burden is placed on the grantee to make a compelling argument that it qualifies for an exception.

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.

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 opted not to review the Town's CAPER because the Town was not considered to be high-risk. If necessary, HUD may provide substantive Public and Indian Housing (PIH) comments under separate cover.

### **PUBLIC ACCESS**

HUD is required to make this report (inclusive of your comments) available to the general 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 2019 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 Lucas Parker, CPD Financial Analyst at (803) 253-3228.

Sincerely,



Bradley S. Evatt, Director  
Community Planning and Development

cc: Marcy Benson, Senior Grants Administrator