



U. S. Department of Housing and Urban Development
South Carolina State Office
Strom Thurmond Federal Building
1835 Assembly Street
Columbia, South Carolina 29201-2480
WWW.hud.gov

October 19, 2016

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
First Consolidated End-of-Year Review
Program Year 2015

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 first reporting period covering July 1, 2015, through June 30, 2016.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

The Town's first CDBG award was \$202,347. The Town reported an expenditure of approximately \$19,445.92 for programmatic activities and \$22,409.81 for planning and administration 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. As determined by IDIS, the Town had .89 years of undisbursed funds available in its line of credit at the time of the review. This undisbursed fund ratio placed the Town within the timely expenditure standard.

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 11.07

percent of its CDBG entitlement grant for planning and administration costs. Accordingly, the Town is in compliance 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 related activities during the reporting period.

The Town must properly record accomplishments and update the activity status in IDIS, and perform IDIS draws in a timely manner for all of its CDBG-funded activities. This includes updating IDIS to ensure that completed projects include beneficiary/accomplishment information. HUD may determine activities without beneficiary information as ineligible for failure to meet a CDBG national objective.

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. HUD's Office of Fair Housing and Equal Opportunity (FHEO) reviewed the CAPER for compliance with AI requirements and may provide substantive comments under separate cover.

PUBLIC ACCESS

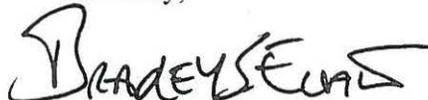
HUD is required to make this report (inclusive of your comments) available to the general public within 30 days of receipt of any comments from the Town. Please share this report with all interested citizens.

CONCLUSION

HUD's annual assessment determined that during the 2015 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 Carrie Pressett, Financial Analyst, at (803) 765-5641.

Sincerely,



Bradley S. Evatt

Director,

Community Planning and Development

cc: Marcy Benson, Senior Grants Administrator