



U.S. Department of Housing and Urban Development

**Philadelphia Office
The Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107-3380**

JUN 26 2018

Mr. Alejandro Palacios
Director
Community Planning and Development Division
815 Washington Street – Room 3-12
Reading, PA 19601-3690

Dear Mr. Palacios:

RE: Annual Community Assessment
City of Reading, Pennsylvania
January 1, 2017 through December 31, 2017

The provisions of the Housing and Community Development Act of 1974, 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 of the U.S. Department of Housing and Urban Development (HUD) that the grant recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received.

The Consolidated Plan regulations at 24 CFR 91.525 require the Department to evaluate and report to the public on a community's overall progress in the management of its program funds, compliance with the Consolidated Plan, the accuracy of performance reports, and the extent to which progress has been achieved toward the statutory goals identified in Section 91.1. This letter serves to apprise you of our assessment of the City of Reading's overall progress.

In making our evaluation, we relied primarily upon the city's submission of the Consolidated Annual Performance and Evaluation Report (CAPER) for Fiscal Year 2017. This report summarized accomplishments made with funds provided from the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and Emergency Solutions Grants (ESG) Programs. In addition, we took into account technical assistance, follow up conversations and electronic mails with the city's staff and the handling of citizen comments and complaints. This letter is a summary of our review of the City of Reading's overall performance.

As you know, under the update to the Part 91 Consolidated Planning regulations that came into effect March 13, 2006, all Annual Action Plans and CAPERs are required to include

performance measures as part of their annual reporting. The Office of Management and Budget has deemed this information necessary to validate the continued funding of HUD programs. The city provided performance measures as required by this guidance.

The HUD timeliness requirement is that a community may have no more than 1.5 times their most recent annual grant remaining in the line of credit 60-days prior to the end of their program year. When the 60-day timeliness test was conducted on November 2, 2017, it was calculated that the City of Reading had a balance in its line of credit of 1.30 times its annual grant, which is in compliance with the timeliness standard. Please note that beginning in 2017, HUD began measuring grantee compliance with the CDBG timeliness standard using the adjusted for program income ratio.

The city expended 78.79 percent of its CDBG funds during FY 2017, the first of the three-year certification period (Fiscal Years 2017-2019) CDBG funds for activities benefiting low/moderate income persons, which meets the primary objective of the Housing and Community Development Act of 1974. In addition, the city obligated 13.33 percent on public service activities, which meets the 15 percent regulatory cap. Also, 17.82 percent of CDBG funds were obligated on planning and administration, which is within the 20 percent regulatory cap.

The city met the HOME requirements for expenditure by committing all funds to projects within two years and expending funds within five years, as well as providing at least 15 percent of HOME funding to Community Housing Development Organizations (CHDO). We also remind the city that all HOME projects should be closed within 120 days of their final draw, and that it must continue to ensure meeting all HOME deadline requirements by reviewing the compliance reports on line.

The city included in its CAPER their role in affirmatively furthering fair housing and identifying impediments to fair housing. It reported the following accomplishments: responding to walk-ins, telephone calls and initiated cases involving fair housing; making referrals and taking applications as well as conducting outreach and education on fair housing issues. Our Office of Fair Housing and Equal Opportunity (FHEO) has reviewed the CAPER and have the following recommendations:

- FHEO recommends that the city conduct an analysis of the city's expenditures during FY 2017 that address the impediments to fair housing choice identified in its most recent Analysis of Impediments. The CAPER should include information about specific actions taken by the city to address or address or ameliorate each impediment to fair housing choice;
- FHEO recommends that the city provide a report providing more information regarding the Minority/Women Business Outreach Program, and specifically outlining the steps taken by the city to conduct outreach to minority- and women-owned business enterprises during FY 2017.

Please note that FHEO is available to provide technical assistance regarding affirmatively furthering fair housing upon your request. Should you have any questions, we encourage you to

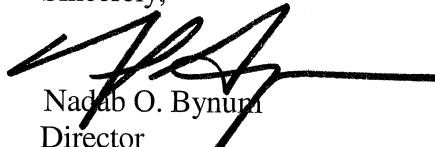
reach out to Melody Taylor, FHEO Regional Director, at (215) 861-7643, or by email at Melody.C.Taylor@hud.gov.

HUD acknowledges the City of Reading's CDBG, HOME and ESG accomplishments during the program year. Based on our review, we have concluded that the City of Reading has the capacity to carry out its programs and has met its reporting requirements.

We ask that you review our assessment of your performance and provide any comments that you may have within 35 days of the date of this letter. Upon receipt, we will evaluate your comments and make any revisions that are deemed appropriate. If you do not have any comments, we request that you formally notify us of that fact within the 35-day timeframe. Where no comments are received within the designated timeframe, our initial letter will serve as our final assessment of the city's performance for this program year. To facilitate and expedite citizen access to our performance letter, we request that you inform the general public and interested citizens' organizations and non-profit entities of its availability. If, for any reason, the city chooses not to do so, please be advised that our office is obligated to make the letter available to the public. We appreciate your cooperation in this matter.

We look forward to continuing to work with you and members of your staff to accomplish Departmental goals and mutual objectives to develop viable urban communities. We would also be pleased to provide you with any information on resources that may be available to your community. If you need assistance, or if you have any questions concerning the content of this letter, please contact Ms. Xiaomin Cai, Senior Community Planning and Development Representative, at (215) 861-7655. This office may be reached via text telephone (TTY), by dialing (800) 877-8339.

Sincerely,



Nadab O. Bynum
Director
Office of Community Planning
and Development