U.S. Department of Housing and Urban Development

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

June 24, 2020

Mr. Jamal Abodalo, Director
Community Planning and Development Division
815 Washington Street, City Hall
Reading, PA 19601-3690

Dear Mr. Abodalo:

RE: Annual Community Assessment
City of Reading
January 1, 2019 through December 31, 2019

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 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 Program Year 2019. 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**.** This letter is a summary of our review of the City's overall performance.

Under the Part 91 Consolidated Planning regulations, all Annual Action Plans and CAPERs are required to include performance measures as part of 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 CDBG timeliness requirement is that a community may have no more than 1.5 times its most recent annual grant remaining in the line of credit 60 days prior to the end of its program year. When the 60-day timeliness test was conducted on November 2, 2019, it was calculated that the City had a balance in its line of credit of 1.32 times its annual grant, which is in compliance with the 1.5 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.

During the 2019 program year, the City reports that it expended 91.19 percent of its CDBG funds for activities benefiting low- and moderate-income persons, which meets the primary objective of the Housing and Community Development Act of 1974. In addition, the City spent 14.24 percent of its funds on public service activities, which is below the 15 percent regulatory cap. The City obligated 16.92 percent of its CDBG funds to planning and administration, which is below the 20 percent regulatory cap and in compliance with the *program year obligation* test at 24 CFR 570.200(g)(2).

The grant-based accounting interim rule at 24 CFR 570.200(g)(1) requires that, for 2015 and subsequent CDBG grants, a grantee may not expend more than 20 percent of any year grant for planning and program administrative costs. As a result, beginning with 2015 CDBG grants, grantees must ensure compliance with this new *origin year grant expenditure* test. In review of the City's origin year expenditures, HUD has determined that the City is now in compliance with the origin year expenditure test for its 2017 grant - 21.10 percent of the grant was expended for planning and administrative costs. However, in December 2019, the City repaid $26,562.86 to FY 2017 CDBG grant to resolve the issue. The City fully expended its 2015 and 2016 grants, where 18.51 percent of its 2015 grant and 17.3 percent of its 2016 grant were expended on planning and program administrative costs. As a result, the City is now in compliance for the 2015 and 2016 grants. Though not fully expended, currently the City has expended, 5.36 percent of its 2018 grant and 16.92 percent of its 2019 grant on planning and program administrative costs. The City's final compliance with the 2018 and 2019 origin year expenditure tests will be assessed once the grants are fully expended.

The City received a CDBG grant of $2,553,505 for Program Year 2019 and expended $1,650,520.35 of CDBG funds during this period. Resources were devoted to activities in geographic areas consisting primarily of low- and moderate-income residents throughout the City. The types of activities undertaken with these funds included code enforcement, demolition, homeless prevention, housing rehabilitation, micro-enterprise technical assistance, public facilities and improvements, public services, and planning and administration. The City completed 3,069 code inspections, three buildings were demolished, 1,032 persons were assisted to prevent homelessness, five major systems rehabilitation projects were completed, 31 low- and moderate-income level micro-businesses were provided with technical assistance, two parks were renovated, one trail design services project was undertaken, ADA curb ramps were installed on City sidewalks, and two fire pumper apparatuses were ordered. Under public services with the different subgrantees, 1,657 persons were served.

The City received a HOME grant of $937,491 for Program Year 2019 and expended $668,284 of HOME funds during this period. Resources were devoted to activities in geographic areas consisting primarily of low- and moderate-income residents throughout the City. The types of activities undertaken with these funds included homebuyer assistance, tenant based rental assistance, and housing rehabilitation. The City assisted 13 homebuyers, two households received tenant based rental assistance, and two rehabilitation projects were completed.

The City received an ESG grant of $220,956 Program Year 2019 and expended $206,604 of ESG funds during this period. Resources were devoted to activities in geographic areas consisting primarily of low- and moderate-income residents throughout the City. The types of activities undertaken with these funds included homeless prevention and homeless shelter services. The City assisted 321persons to prevent homelessness and 351 persons were provided emergency shelter services.

HUD acknowledges the City's programmatic accomplishments during the program year. Based on our review we have concluded that the City has the capacity to carry out its CPD programs and has met its reporting requirements.

The City also included in its CAPER its efforts to affirmatively furthering fair housing and identify impediments to fair housing. The city reported the following to affirmatively further fair housing: 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. We commend you for these efforts.

As a reminder, program participants that have not updated or completed an Analysis of Impediments upon the submission of their new Consolidated Plan, have not identified meaningful actions taken to address identified impediments in their CAPERs, or maintained adequate records of actions to overcome the effects of the impediments, may be subject to a compliance review. Please note that the Office of Fair Housing and Equal Opportunity 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.

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 Ana Maria Kinnard, Community Development Representative at (215) 861-7620, or by email, at ana.m.kinnard@hud.gov. Our telephone text (TTY) number for the hearing impaired is (800) 877-8339.

Sincerely,

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Digitally signed by: NADAB BYNUM
DN: CN = NADAB BYNUM C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Administration
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Nadab O. Bynum
Director
Office of Community Planning
and Development