



U.S. Department of Housing and Urban Development

**Philadelphia Regional Office
The Strawbridge's Building
801 Market Street
Philadelphia, Pennsylvania 19107-3380**

June 23, 2022

Via email: Jamal.Abodalo@readingpa.gov

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

Dear Mr. Abodalo:

RE: Program Year Review Letter
City of Reading
January 1, 2020, through December 31, 2021

We want to thank you and your staff for all you are doing to serve the CPD program needs of your community during these unprecedented times. 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 2021. 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.

CARES Act Program Accomplishments

The City of Reading has received an allocation of \$2,082,307 of CDBG and \$2,200,060 of ESG CARES Act funds for use preparing for, preventing, and responding to COVID-19. The City has expended \$124,318.00 of CDBG and \$1,198,992.43 of ESG CARES Act funds in FY2021. The funds were spent on the following activities: the funds were utilized for emergency rental assistance for low- and moderate-income level families that are being evicted due to the COVID-19 outbreak, Homelessness prevention, Rapid re-housing and Administration. We appreciate all that the City has done to serve the needs of its community during these difficult times and to adapt to the many operational challenges that COVID-19 has presented.

Annual Program Accomplishments

CDBG Program:

The 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, 2021, it was calculated that the City had a balance in its line of credit of 1.31 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 2021 program year, the City reports that it expended 89.11 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 11.8 percent of its funds on public service activities, which is below the 15 percent regulatory cap. The City obligated 9.82 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. In December 2019, the City repaid \$26,562.86 to the FY 2017 CDBG grant to resolve the issue. The City fully expended its 2015, 2016 and 2017 grants, where 18.51 percent of its 2015 grant, 17.13 percent of its 2016 grant and 20.00 percent of its 2017 grant were expended on planning and program administrative costs. As a result, the City is now in compliance for the 2015, 2016 and 2017 grants. Though not fully expended, currently the City

has expended, 5.36 percent of its 2018 grant, 16.92 percent of its 2019 grant, 13.56 percent of its 2020 grant and 9.82 percent of its 2021 grant on planning and program administrative costs. The City's final compliance with the 2018, 2019, 2020 and 2021 origin year expenditure tests will be assessed once the grants are fully expended.

The City received a CDBG grant of \$2,576,835.00 for Program Year 2021 and expended \$893,680.47 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 2,250 code inspections, and 2,954 code enforcement inspections were conducted. A total of six buildings have been demolished using 2020 demolition funding and 1 building was demolished using 2021 demolition funding. One building demolition is underway using 2021 demolition funding. Also, 895 persons were assisted to prevent homelessness, 59 low and moderate-income level micro-businesses were provided with assistance - Activity Delivery Cost payments were issued to the subrecipient. The following public improvements were completed: 1 park/playground improvements project was completed, 4 park/playground projects are underway, 1 park/playground American with Disabilities Act trail, improvements project was completed, 1 bike/walking trail extension project's design services phase is underway, 48 (12 quadrants) Curb Ramps were constructed on City sidewalks, 1 construction contract is underway, 2 fire pumper apparatuses were ordered and are currently being assembled, 381 L.E.D. streetlights were installed, and 1 fire station renovation project is underway. Under public services with the different subgrantees, 1,199 persons were served. Also 44 businesses were provided with assistance to retain jobs - Activity Delivery Cost payments were issued to the subrecipient.

Grantees were required to expend all 2014 CDBG funds by September 30, 2021. The City expended all its 2014 funds in compliance with this requirement. Any unexpended 2015 funds that the City may have available must be expended by September 30, 2022.

HOME Program

The City received a HOME grant of \$988,013.00 for Program Year 2021 and expended \$98,801.30 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, new housing construction and housing rehabilitation. The City assisted 3 homebuyers, 4 Rental Rehab's projects undertaken, 5 new housing units were constructed, 1 household was provided with Tenant-Based Rental Assistance TBRA completed in 2020.

ESG Program

The City received an ESG grant of \$218,413.00 Program Year 2021 and expended \$44,352.55 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 230 persons to prevent homelessness and 328 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.

Affirmatively Furthering Fair Housing

The City also included in its CAPER its efforts to affirmatively further fair housing and identify impediments to fair housing. The City reported the following to affirmatively further fair housing:

- Fair Housing -The Human Relations Commission responded to 55 Walk-ins, 607 Telephone calls, 167 Cases required action, 4 Federal Fair Housing cases were filed.
- Homeless Prevention - The Human Relations Commission responded to 28 Walk-ins, 753 Telephone calls, 781 Cases required action.
- Landlord/Tenant Mediation - The Human Relations Commission responded to 19 Walk-ins, 95 Telephone calls, 114 Cases required action.
- Outreach & Education A number of planned events were affected due to pandemic restrictions, but the Human Relations Commission participated in the following events, Berks Community Television (BCTV), Landlord/Tenant 101 & Landlord/Tenant 102 (zoom webinars), Eviction moratorium roundtable with Rep. Houlihan, Peer mediation training and Weekly court appearances to assist with mediation.

We commend you for these efforts.

U.S. Department of Housing and Urban Development program participants are reminded that the legal obligation to affirmatively further fair housing remains in effect under the Fair Housing Act; Title VI of the Civil Rights Act; Section 109 of the Housing and Community Development Act; and other civil rights related authorities. Please be aware that a jurisdiction could be subject to a compliance review to determine whether, as a recipient of HUD funds, it is in compliance with applicable civil rights laws and their implementing regulations if its certification to affirmatively further fair housing is in question. The Office of Fair Housing and Equal Opportunity (FHEO) initiates most compliance reviews based on risk analyses, issues raised during a limited monitoring review, or when a civil rights problem is detected through HUD program monitoring. 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 Carolyn Punter, FHEO Program Center Director, at Carolyn.K.Punter1@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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BYNUM**

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= U.S. Government OU = Department
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Office of Administration
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Nadab O. Bynum
Director
Office of Community Planning
and Development