



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT
Philadelphia Regional Office
The Wanamaker Building
100 Penn Square East
Philadelphia, PA 19107-3380

June 10, 2020

Mr. Christopher Delfs
Director
City of Lancaster Department of Community
Planning and Economic Development
120 N. Duke Street
Lancaster, PA 17602

Dear Mr. Delfs:

RE: Annual Community Assessment
Lancaster City
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 Lancaster City'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 2019. This report summarized accomplishments made with funds provided from the Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), and Home Investment Partnerships (HOME) programs. We note that the city is currently making corrections to its 2019 CAPER submission. Should any of the corrections result in changes needing to be made to the information contained in this letter, such changes will be transmitted under separate cover. As part of our evaluation of the city's performance, we also took into account technical assistance and follow up conversations with city staff. This letter is a summary of our review of Lancaster 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 county provided performance measures as required by this guidance.

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 CDBG timeliness test was conducted on November 2, 2019, the city had 1.03 years of CDBG funds remaining in its accounts (this number is adjusted to account for program income). As such, the city was found to be in compliance with 24 CFR 570.902.

During the 2019 program year, the city reports that it expended 93.42 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 county obligated 7.05 percent of its funds on public service activities, which is below the 15 percent regulatory cap. The county also obligated 10.64 percent of its funds to planning and administration, which is below the 20 percent regulatory cap and is 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*. Lancaster City's 2015 and 2016 grants have been fully expended, and the city expended 6.47 percent of its 2015 grant and 11.61 percent of its 2016 grant on planning and program administrative costs. Though not fully expended, currently the city has expended 11.78 percent of its 2017 grant, 13.28 percent of its 2018 grant and 5.18 percent of its 2019 grant on planning and program administrative costs. The city's final compliance with the 2017 - 2019 origin year expenditure tests will be assessed once the grants are fully expended.

The city received a CDBG grant of \$1,660,779 for Program Year 2019. According to the IDIS PR26 report for the city's 2019 program year, the city expended \$1,738,626.38 of CDBG funds during the 2019 Program Year. Resources were devoted to activities in geographic areas consisting primarily of low- and moderate-income residents throughout the city. CDBG funds were used for: Acquisition, Economic Development, Affordable Housing, Public Improvements, Public Services, and Planning and Administration. The city made significant progress in meeting its Housing and Community Development goals and priorities outlined in the 5-Year Consolidated Plan.

During the 2019 program year, Lancaster City expended FY 2019 ESG funds for rapid re-housing and administration. The FY 2019 ESG grant is not fully expended, however, the city appears to be on track to be within the 7.5 percent limitation established for ESG administration, and within the 60 percent limitation established for street outreach and emergency shelter activities.

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.

HUD's Office of Fair Housing and Equal Opportunity (FHEO) also reviewed the city's CAPER for Program Year 2019. FHEO advises that Lancaster City needs to prepare and submit an updated Analysis of Impediments (AI) along with the submission of its next five-year Consolidated Plan (2021-2025). The Consolidated Plan will dictate the planning in the Annual Action Plans (AAPs) and the reporting in the CAPERs for the five-year cycle, including how the city will address impediments to fair housing. CAPER submissions should clearly identify how CPD funds are being used to address identified impediments.

FHEO also has concerns that the city has not conducted meaningful activities to address all eleven (11) impediments, and that the city's CAPER submissions have not included specific information regarding meaningful actions to affirmatively further fair housing. Meaningful actions mean taking significant actions that are designed and can reasonably be expected to achieve a material positive change that affirmatively furthers fair housing by, for example, increasing fair housing choice or decreasing disparities in access to opportunity (24 C.F.R. § 5.152). Ultimately, program participants must take meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination. Based on FHEO's review of past Annual Action Plan reviews, FHEO recommended several strategies to address impediments the City had not conducted activities on. Some suggestions included partnering with PHRC on a joint training session specifically targeting municipal officials, engaging with Red Rose Transit Authority about fixed transit routes, meeting with local lenders to create a strategy to increase housing opportunities in minority communities, partnering with the local housing counseling agencies to increase homeownership opportunities, review siting policies of PHFA concerning LIHTC projects to determine whether the policies perpetuate housing discrimination, and partnering with the housing authority to host education sessions to educate housing providers about the benefits of the voucher program and assist tenants locating housing units in areas of opportunity. There is no information in the 2019 CAPER indicating the jurisdiction considered FHEO's recommendations.

In addition, FHEO has the following recommendations:

- FHEO recommends that Lancaster City include language in its public notices regarding the provision of accommodations for persons with disabilities and LEP persons, and indicate whether locations are accessible to persons with disabilities.

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.

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. Mary Anne Bellacima, Senior Community Development Representative at (215) 861-7654, or by email, at MaryAnne.Bellacima@hud.gov. Our telephone text (TTY) number for the hearing impaired is (800) 877-8339.

Sincerely,

Nadab O. Bynum
Director
Office of Community Planning
and Development

cc:
Ms. Susannah Thorsen
