



U.S. Department of Housing and Urban Development

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

The Honorable Michael A. Nutter
Mayor of Philadelphia
City Hall – Room 215
Philadelphia, PA 19107

NOV 30 2010

Dear Mayor Nutter:

**SUBJECT: Annual Community Assessment
City of Philadelphia, PA
Program Year 2009 (July 1, 2009 to June 30, 2010)**

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 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 this 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 Philadelphia's overall progress during its 2009 Program Year.

In making our evaluation, we relied primarily upon the City's submission of the Consolidated Annual Performance and Evaluation Report (CAPER) for Fiscal Year 2009. This report summarized accomplishments made with funds provided from the Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), Home Investment Partnerships (HOME), Housing Opportunities for Persons With AIDS (HOPWA), and McKinney-Vento Programs. In addition, we took into account technical assistance, citizen complaints received, and follow up conversations with City staff. This letter is a summary of our review of the City of Philadelphia'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 Consolidated Annual Performance and Evaluation Reports (CAPERs) are required to include Performance Measures as part of their annual reporting. The Office of Management and Budget (OMB) has deemed this information necessary to validate the continued funding of HUD programs. The City of Philadelphia provided Performance Measures as required by the new 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 its program year. When the 60-day CDBG timeliness test was conducted on May 2, 2010, the City had .74 years of CDBG funds remaining in its accounts, in compliance with the 1.5 timeliness standard.

Based on the information in the City's CAPER submission, during the 2009 program year, the City expended 98.84% of its CDBG funds for activities benefiting low/moderate income persons, which meets the Primary Objective of the Housing and Community Development Act of 1974. The City obligated 12.81% of its 2009 CDBG funds on planning and administration, less than the 20 percent regulatory cap. Regarding compliance with the 15% limitation on CDBG Public Service activities, the City obligated 12.46% of its CDBG funds, including program income, for public service activities.

The City has met the HOME requirements for expenditure by committing all funds to projects within two years and expending funds within five years. The requirement to provide at least 15 percent of HOME funding to Community Housing Development Organizations has also been achieved. We also remind grantees that all HOME projects should be closed in the Integrated Disbursement Information System (IDIS) within 120 days of their final draw. In addition, you are reminded of the requirements under the National Defense Authorization Act of 1991 (P.L. 101-510, November 5, 1990) as it relates to funding awarded under the Home Investment Partnerships (HOME) Program. Specifically, the National Defense Authorization Act of 1991 (Public Law 101-510, November 5, 1990) established rules governing the availability of appropriations for expenditure. This legislation mandates that on September 30th of the fifth fiscal year after the period of availability for obligation of a fixed appropriation account ends, the account shall be closed and any remaining balance (whether obligated or unobligated) in the account shall be canceled and thereafter shall not be available for obligation or expenditure for any purpose.

Since the FY 2002 HOME appropriation was the first time HOME funds had an identified three-year period of availability subject to the National Defense Authorization Act, FY 2002 HOME grants are the first HOME funds subject to the expenditure deadlines of that Act. It is important to understand that the National Defense Authorization Act essentially provides FY 2002, and future, HOME grants with a statutory and non-waiveable eight-year expenditure deadline for that specific grant year's funds. This is different from the HOME Program's five-year expenditure deadline requirement which is regulatory and calculated cumulatively, taking into consideration expenditures from all HOME grants awarded to the participating jurisdiction, not just those from a single grant year.

Regarding the stimulus funding under ARRA/HERA, as of mid-November 2010, the City of Philadelphia had expended 46.72% of its CDBG-R, 27.80% of its Homeless Prevention and Rapid Rehousing (HPRP), 33.85% of its Neighborhood Revitalization Program-1 (NSP-1), and .01% of its NSP-2 program funds. The City should increase its efforts to expend these sources of funds.

The City included in its CAPER, its role in affirmatively furthering Fair Housing and identifying impediments to Fair Housing. Our Office of Fair Housing and Equal Opportunity (FHEO) provided comments to the City concerning the information in the City's CAPER relative to Affirmatively Furthering Fair Housing (AFFH). Any additional comments that the Office of Community Planning and Development may have in this regard will be provided to the City under separate cover.

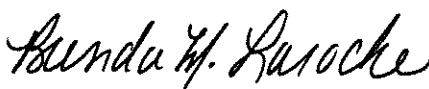
The City has procedures in place for addressing housing that has been found to contain lead-based paint.

We congratulate the City on its many accomplishments during its 2009 Program Year. Based on our review we have concluded that the City of Philadelphia 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 these program years. 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 Mr. Nadab Bynum, Community Planning and Development Director, at (215) 861-7652, or Ms. Mary Anne Bellacima, Senior Community Planning and Development Representative, at (215) 861-7654. This Office may be reached via text telephone (TTY), by dialing (215) 656-3452.

Sincerely,


for Jane C. W. Vincent
Regional Administrator

cc:

Ms. Deborah McColloch

Mr. Scott Wilds ✓