

**U.S. Department of Housing & Urban Development
Buffalo, New York Office**



Annual Community Assessment Report

for

City of Rochester, New York

**Covering the Program Year of
July 1, 2017 – June 30, 2018**

INTRODUCTION

The City of Rochester, as a recipient of HUD Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), Emergency Solutions Grant Program (ESG) and Housing Opportunities for Persons with AIDS Program (HOPWA) funding, is required to annually review and report on its progress in carrying out the goals and priorities of its Consolidated Plan. The Consolidated Annual Performance and Evaluation Report (CAPER) is designed to be a tool to report the activities undertaken during the previous year to both HUD and local community stakeholders and residents. Prior to submission to HUD, a grantee must make its CAPER available for review by interested citizens and stakeholders.

HUD has a responsibility to review the CAPER and the community's performance on an annual basis. HUD relies on the CAPER, financial data and audits, program records, on-site monitoring and other resources to evaluate a grantee's overall performance and effectiveness. This review is an on-going process; however, this report summarizes a community's performance and its continuing capacity to administer HUD funds. This report is prepared to provide feedback on your community's performance in the delivery of programs and services using HUD Community Development funds. This report consists of four sections:

Section I provides a general overview regarding compliance and reporting accuracy
Section II evaluates grantee performance in key crosscutting functions
Section III evaluates the progress and performance of each specific HUD program
Section IV provides recommendations and follow-up activities, if applicable

Assessment Period: July 1, 2017 – June 30, 2018
 Third Year of a 5-Year Consolidated Plan

Programs Administered and 2017 Funding Amounts:

CDBG	\$ 7,487,072
HOME	\$ 1,839,492
ESG	\$ 987,067
HOPWA	\$ 785,820

2017 Total Entitlement Funding Awarded: \$11,099,451

Section I - Summary of Consistency with Consolidated Plan & Annual Action Plans

HUD's review of the CAPER determined that the City followed the HUD-approved Consolidated Plan and Annual Action Plan during the 2017 program year (PY). The activities undertaken during the year are consistent with the City's 2015-2019 Consolidated Plan goals, objectives and priority needs. These goals, objectives and priority needs as stated in the City's 2015-2019 Consolidated Plan included the following high priority elements:

1. New affordable housing, housing condition, homeownership, accessible housing and lead paint hazards
2. Energy efficiency and renewable energy
3. Tenant/landlord education and counseling; tenant/landlord mediation, education and counseling; and landlord education

4. Mixed use development in neighborhoods and mixed income housing, using alternative housing types (micro-units, modular)
5. Cost-burdened homeowners
6. Barriers to fair housing
7. Homelessness, including homelessness prevention, rapid re-housing, emergency shelter and shelter diversion, transitional supportive housing and coordinated access
8. Non-homeless special needs, including permanent supportive housing, home safety, accessible housing and transitional supportive housing
9. Housing services, including housing and supportive services for people with HIV/AIDS
10. Neighborhood based program management and prioritization
11. Clearance and demolition and Brownfield remediation
12. Parks, recreation and other neighborhood facilities
13. Street improvements, sidewalk improvements and streetscape/right of way improvements
14. Youth recreation and empowerment, family support and skills development, safe neighborhoods, employment and job/employment training services, and worker cooperatives
15. Economic development technical assistance, including economic development assistance to for-profit businesses. Commercial nodes and corridors.

In addition, the list of priority needs included the following activities that were identified as low priority activities: citywide planning and studies; water/sewer improvements; solid waste disposal improvements; flood drainage improvements; bicycle infrastructure; pedestrian/multi-use trails; urban agriculture; code enforcement; non-residential historic preservation; façade improvements; fire stations/equipment; homeless facilities; youth centers and facilities for abused/neglected children; early childhood education facilities; tree planting; health and nutrition; food security; justice system; community arts programs; and transportation services.

The actual 2017 Program Year expenditures recorded in IDIS verify that the City did expend HUD funds in these broad categories and within the requirements of HUD funding regulations. More detailed information about accomplishment highlights and assessments of expected accomplishments to actual accomplishments can be found in Section III of this report.

Performance Reports / CAPER Completeness

A Consolidated Annual Performance and Evaluation Report (CAPER) is due 90 days after the City completes its program year, which would be September 30, 2018. The City's 2017 CAPER was received on September 24, 2018.

The report was determined to be substantially complete. The City revised its PY2017 HUD-40110-D Housing Opportunities for Persons with AIDS (HOPWA) Consolidated Annual Performance and Evaluation Report (CAPER) on October 22, 2018 and resubmitted its CAPER in IDIS on November 21, 2018.

More detailed information and an assessment of accomplishments can be found in Section III of this report. Comments/Notes and any requests for supplemental information will also be noted below.

Section II - General Overview and Cross Cutting Areas

FHEO - HUD's FHEO Division evaluated the City's 2017 CAPER and determined that the City's performance was adequate under Title VIII and E.O. 11063 Certifications. There were no recommendations.

Citizen Participation - The grantee has conducted the required hearings and public notification to comply with citizen participation requirements. No comments were received during the reporting period.

Compliance Monitoring – The most recent HUD monitoring is described below:

Program Reviewed: Emergency Solutions Grant (ESG)
Date of Monitoring: May 16, 2017 – May 17, 2017
Monitoring Status: One finding and one concern

Subrecipient Oversight & Monitoring – The City reviews subrecipient submissions, including reports and draw requests for timeliness, compliance and accuracy. The City reports that in PY 2017 it conducted on-site monitoring visits for all of its CDBG, ESG, HOME and HOPWA-subrecipients. When conducting the FY 2017 onsite monitoring of the City's ESG program, HUD reviewers saw evidence verifying the City had recently monitored its ESG program.

Management – The City has staff and consultants that are capable of administering and overseeing the HUD-funded programs.

Financial – The financial information reported by the City appears to be complete, accurate, and sufficiently detailed to document the overall condition of HUD programs. Our review did not disclose any issues related to financial compliance.

Audits - A Single Audit must be submitted each year nine months from the end of the City's fiscal year. The City's Single Audit Report for the Program Year ended June 30, 2017 has been accepted by the Federal Audit Clearinghouse (FAC). There were no findings.

Quarterly Federal Financial Reports - Reports have been received for the assessment period and are current through September 30, 2018.

Section III – Specific Program Progress and Performance **Community Development Block Grant (CDBG)**

National Objective Compliance: The CDBG program was designed to principally benefit low- and moderate-income persons. According to the City's PR26 CDBG Financial Summary Report, during Program Year 2017 the City spent 74.54 percent of its non-administrative funds on activities that principally benefitted low-moderate income persons. Activities reported appear to meet a national objective.

Public Services: During PY 2017 the City obligated 10.62 percent of its CDBG funds and program income on public services activities. During the Program Year \$1,031,175 in CDBG funds were drawn to pay for twenty-seven public services activities including youth services; promotion of local businesses; foreclosure prevention activities; senior services, including aging in place; tenant/landlord services; job training; and distribution of smoke detectors and batteries. Activities receiving the most funding during FY 2017 included the Mural Arts Project, the Lifespan – Aging in Place program, distribution of fire detectors and batteries and Legal Aid landlord and legal services.

Other Issues / Recommendations / Highlights

Highlights noted during the CAPER reviews include:

- Rehabilitated 232 single-family and 19 multi-family housing units
- Provided direct financial assistance to 15 businesses
- Funded 27 public services activities
- Demolished 113 housing units

Home Investment Partnerships Program (HOME) Grant

Beneficiary Compliance: Beneficiaries were compliant with HOME low-mod income requirements.

Activities: Program activities were described for the reporting period. HOME funds were spent on activities that were eligible under program rules. The funded programs and accomplishments reported are on track, compared to the stated goals. Key programs included: homebuyer acquisition, rental housing rehabilitation and the first-time homebuyer program.

Financial

Administration: The City committed 10.0 percent of its PY 2017 HOME grant (\$183,949.00) for administrative activities, leaving a balance of \$.20. 100 percent of the funds committed have been disbursed.

Program Income (PI): The PY 2017 IDIS PR09 Program Income Details by Fiscal Year and Program indicates a \$0 HOME PI balance at the beginning of PY 2017. In PY 2017 the City received \$154,218.46 in HOME PI and drew \$127,567.73 in HOME program income, leaving a balance of \$26,650.73.

Deadlines for Commitments/Reservations/Disbursements: The City met its cumulative September 30, 2017 2014 CHDO commitment deadline, its August 31, 2017 2012 disbursement deadline, and its August 31, 2018 2013 disbursement deadline. It also met its grant-specific September 30, 2017 2015 CHDO commitment deadline.

IDIS Data: The City has established an on-going IDIS clean-up program. Please continue to monitor your HOME activities at least quarterly and visit HUD's HOME website periodically for updates on needed clean-up and overall performance data.

Match: The City of Rochester received a 100 percent match reduction in PY 2017, based on fiscal distress. The City has not had a HOME match obligation since 2002.

CHDO Issues: The HOME program requires that grantees reserve a minimum of 15 percent of their annual award to one or more Community Housing Development Organizations (CHDOs), for the development of affordable housing. In PY 2017, the City received \$1,839,492 in HOME funds; the City is required to reserve 15 percent of its grant (\$275,923.80) to a CHDO(s). As of December 3, 2018, the City has not reserved any 2017 or 2018 HOME funds to a CHDO(s), and also has large activity commitment shortfalls for both years.

The PR 25 Status of CHDO Funds by Fiscal Year Report and the PR 27 Status of HOME Grants also disclosed 2013, 2014, 2015, and 2016 commitment shortfalls.

Other Issues/Recommendations/Highlights

Highlights noted during the CAPER review include:

- Provided homebuyer assistance to 71 households
- Constructed 17 rental units

Emergency Solutions Grant (ESG)

Summary of Performance Indicators and Accomplishments

ESG-CAPER Annual Reporting Tool (eCart): Beginning with the 2015 CAPER submissions, grantees that receive Emergency Solutions Grant (ESG) funding were required to report their ESG accomplishments using the ESG-CAPER Annual Reporting Tool (eCart). eCart replaced the data previously collected on screen CR-65. The City of Rochester did report its 2017 ESG accomplishments using eCart.

Activities: The City does not provide shelter or services directly. The City uses a request for proposal process to solicit projects that receive funds. During the program year, ESG activities were adequately described and funds were expended on street outreach, shelter, homeless prevention, rapid rehousing and administration. As of December 3, 2018 the City has drawn \$427,960.82 of its 2017 ESG funds to pay for the City's rapid re-housing program and homeless activities at the following thirteen agencies: Alternatives for Battered Women, The Catholic Family Center, The Center for Youth, Coordinated Care Services, Inc.; The Housing Council in the Monroe County Area, Providence Housing Development Corporation; Rochester Area Interfaith Hospitality Network; Saving Grace Ministries of Rochester; Spiritus Christi Prison Outreach; The Salvation Army; Volunteers of America of Western New York; and the YWCA of Rochester and Monroe County. The Veterans Outreach Center received funding from the City's 2017 ESG grant, but as of December 3, 2018 none of those funds have not been drawn.

Beneficiary Compliance: The ESG program is designed to provide shelter and support services to homeless persons. The CR-70 Assistance Provided and Outcomes reports that 84,011 shelter bed-nights were provided, which is 85.53% of capacity.

100 percent Match Requirement: The ESG program requires recipients/subrecipients to match grant funds with an equal amount of contributions, which may include cash, donated buildings or materials, or volunteer services. The City should continue to ensure that this requirement is met.

60 percent cap on Emergency Shelter and Street Outreach: The total amount committed to emergency shelter(s) and street outreach cannot exceed the greater of 60 percent of the recipient's PY 2017 ESG grant, or the amount of PY 2010 grant funds committed to homeless assistance activities. Sixty percent of the City's 2017 ESG grant is \$592,240.20; in 2010 the City committed a total of \$342,135.00 to homeless assistance activities.

According to the City's 2017 PR91 ESG Financial Summary in PY 2017 the City did not meet this requirement because it committed a total of \$596,960.00 to emergency shelter and street outreach. The City will need to reduce its 2017 emergency shelter and street outreach commitments by \$4,719.80 to meet requirements.

Commitments and Disbursements: The City is committing funds and making disbursements for activities and administration, although some 2012, 2013, 2014 and 2015 funds are not fully drawn. All the City's 2012 ESG funds have been committed; however, \$3,830.87 remains on the line of credit. In addition, the City has \$30,053.00 in 2014 funds; \$11,917.15 in 2015 funds and \$68,090.39 in 2016 funds on the line of credit.

Please note, all FY 2012 HUD funds remaining on the line of credit after approximately September 19, 2019, regardless of the program, will be recaptured by the U.S. Treasury and will no longer be available to the City.

Housing Opportunities for Persons with AIDS (HOPWA)
Summary of Performance Indicators and Accomplishments

Activities: During the program year, HOPWA activities were adequately described, and funds were spent according to program rules. During the program year, the City spent \$649,913.40 on administration and on funding the following agencies:

Trillium Health (2017 contract: \$498,926.33)

Catholic Charities Community Services, Inc. (2017 contract: \$332,851.00)

Funds were expended on the following activities: tenant-based rental assistance (TBRA); short-term rent, mortgage and utility assistance (STRMU); Permanent Housing placement services, employment assistance (including providing bus passes) and program administration.

Beneficiary Compliance: The HOPWA program is designed to provide housing assistance and related supportive services for low-income persons living with HIV/AIDS who are homeless, at risk of homelessness, or unstably housed and their families. During the reporting period, the City expected to serve 200 households. The actual number served was 175.

Commitments and Disbursements: The City is committing funds and making disbursements for activities within the required timeframes and caps, including commitments and disbursements for administration. Program progress was determined to be satisfactory.

Other Issues/Recommendations/Highlights: None.

Section IV – Summary and Follow up

Follow Up Items

1. The City completed 113 demolition activities in PY 2017. The activities reviewed were reported in PR03 as being complete in PY 2017 and assigned the 04 Clearance and Demolition matrix code. Please review Chapter Five, pages 5-4 to 5-6 of *Basically CDBG at:*

<https://www.hudexchange.info/resources/documents/Basically-CDBG-Chapter-5-Property-Improvement.pdf>

to ensure each activity is eligible and has been assigned the appropriate national objective. Please note that, for activities benefitting low- and moderate-income persons, the appropriate National Objective is based on the future use of the property.

To qualify as a low/mod income area benefit, the benefits generated by the activity must be available to all the residents of a specific primarily residential area and at least 51 percent of the residents of that area must be low- or moderate-income persons.

2. A December 3, 2018 review of PR-25 Status of CHDO Funds by Fiscal Year Report and PR 27 Status of HOME Grants revealed some CHDO commitment and HOME commitment shortfalls, some of which involved HOME funds allocated as far back as 2013. The City is in the process of addressing these issues.

Please be advised the recent *Consolidated Appropriations Act of 2019* includes a provision suspending the 24-month commitment requirement for CHDO set-aside funds, as well as continuing the suspension of the 24-month commitment requirement for regular HOME funds. Both deadline requirements are suspended through December 31, 2021. The CHDO suspension applies to any CHDO funds that were de-obligated during calendar year 2018 (regardless of when the deadline occurred) or that would be de-obligated through 2021 because of a grantee's failure to commit the funds to a CHDO project within 24 months. Effective February 27, 2019 HUD has ceased enforcement of the CHDO commitment deadlines until such time as the suspension is permitted to lapse. Beginning February 28, 2019, the *HOME Deadline Compliance Status Reports (DCSR)* that HUD posts monthly on the HUD Exchange will reflect the suspension of CHDO commitment deadlines.

HUD is in the process of identifying grantees that had CHDO funds de-obligated during calendar year 2018; once that occurs de-obligated funds will be returned to the lines of credit as quickly as possible.

3. Please review the PY 2012- PY2017 PR91 ESG Financial Summaries and ensure older ESG funds still on the line of credit are fully drawn. As of December 3, 2018, \$3,830.87 in 2012 ESG funds remained on the line of credit. Please note, all HUD funds remaining on the line of credit are recaptured eight years after the start of the Federal Fiscal Year in

which the funds were appropriated. This means FY 2012 funds remaining on the line of credit after approximately September 19, 2019, regardless of the program, will be recaptured by the U.S. Treasury.

In addition, the City has \$30,053.00 in 2014 ESG funds, \$11,917.15 in 2015 funds and \$68,090.39 in 2016 funds remaining on the line of credit. Although the 24-month grant expenditure deadline has passed, these funds were awarded to assist vulnerable homeless and imminently homeless individuals and families. HUD's priority is to continue to make those funds available to assist those households; however, we request those funds be expended in an expeditious manner.

4. According to the City's 2017 PR91 ESG Financial Summary in PY 2017 the City did not meet the 60 percent cap on emergency shelter and street outreach. It committed a total of \$596,960.00 to emergency shelter and street outreach, although the cap was \$592,240.20. The City will need to reduce its 2017 emergency shelter and street outreach commitments by \$4,719.80 to meet requirements.
5. Please continue to monitor IDIS reports at least quarterly, to ensure that activities that are completed, but not yet closed, and activities that have been in final draw status for more than 120 days are reviewed and appropriate action is taken.

This report was prepared by

Linda Moore, Senior CPD Representative
716-551-5755 extension 5830
Linda.G.Moore@hud.gov

