



U.S. Department of Housing and Urban Development

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

June 22, 2023

Via email: jeby@lchra.com

Mr. Justin M. Eby
Executive Director
Lancaster County Housing and
Redevelopment Authorities
28 Penn Square Suite 200
Lancaster, PA 17603-42

Dear Mr. Eby:

RE: Program Year Review Letter
Lancaster County
Program Year 2022 (January 1, 2022, through December 31, 2022)

We want to thank you and your staff for all you are doing to serve the CPD program needs of your communities. 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 County's overall progress.

In making our evaluation, we relied primarily upon the county's submission of the Consolidated Annual Performance and Evaluation Report (CAPER) for Program Year 2022. This report summarized accomplishments made with funds provided from the Community Development Block Grant (CDBG), Emergency Solutions Grants (ESG) and HOME Investment Partnership (HOME) programs. This letter is a summary of our review of the county'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.

CARES Act Program Accomplishments

Lancaster County has received an allocation of \$4,609,274 of CDBG and \$2,427,681 of ESG CARES Act funds for use preparing for, preventing, and responding to COVID-19. The county has expended \$2,682,951.37 of CDBG-CV and \$2,149,333.03 of ESG-CV CARES Act funds to-date. In Program Year 2022, the funds were spent on the following activities: public services, public facilities, street outreach, shelter, rapid re-housing and administration.

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, 2022, it was calculated that the county had an adjusted for program income balance in its line of credit of 1.97 times its annual grant, which is *not* in compliance with the 1.5 timeliness standard. Please be advised that failure to meet the CDBG timeliness requirements when the next test is conducted on November 2, 2023 may result in the county losing CDBG entitlement funding. As such, the county should take immediate steps and implement actions to ensure compliance with the CDBG timeliness requirements when the next test is conducted on November 2, 2023.

During the 2022 program year, the county reports that it expended 100 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 spent 7.89 percent of its funds on public service activities, which is below the 15 percent regulatory cap. The county obligated 17.45 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 *origin year grant expenditure* test. The county has fully expended its 2015 CDBG grant, and 19.16 percent of the grant was expended on planning and program administrative costs in compliance with 24 CFR 570.200(g)(1). Though not fully expended, currently the county has expended 19.79 percent of its 2016 grant, 17.74 percent of its 2017 grant, 16.72 percent of its 2018 grant, 17.72 percent of its 2019 grant, 17.06 percent of its 2020 grant, 16.64 percent of its 2021 and 4.42 percent of its 2022 grant on planning and program

administrative costs. The county's final compliance with the 2016, 2017, 2018, 2019, 2020, 2021 and 2022 origin year expenditure tests will be assessed once the grants are fully expended.

The county received a CDBG grant of \$2,940,167 for Program Year 2022 and expended \$2,202,655.95 of CDBG funds during this period. Resources were devoted to activities in geographic areas consisting primarily of low- and moderate-income residents throughout the county. The types of activities undertaken with these funds included housing rehabilitation, public facilities and improvements, public services, planning and administration. The majority of CDBG funds were spent on housing rehabilitation activities in the county, with a total of \$1,132,482.49 used for such activities.

Grantees were required to expend all 2015 CDBG funds by September 30, 2022. The county expended all of its 2015 funds in compliance with this requirement. Any unexpended 2016 funds that the county may have available must be expended by September 30, 2023.

HOME Program:

The county received a HOME grant of \$2,162,498 for Program Year 2022. Lancaster County expended \$464,200.00 of HOME funds during this period for first-time homebuyer activities.

Similar to our review of the county's 2021 program year, we note that the IDIS PR09 report is showing a considerable amount of HOME Program Income for Lancaster County that appears unspent. The county needs to review this matter and take appropriate steps to spend down these funds and ensure the disbursements are properly recorded in the IDIS.

The Consolidated Appropriations Act of 2017 (P.L. 115-141) suspends the 24-month HOME commitment requirement for deadlines that occurred in 2016 through 2020. The Consolidated Appropriations Act of 2019 includes a provision suspending the 24-month commitment requirement for the 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, 2023.

The Department also reminds grantees that all HOME projects should be closed within 120 days of their final draw. The county has made significant progress in maintaining up to date information in the Integrated Disbursement Information System (IDIS) system for the HOME program.

ESG Program:

Lancaster County received an ESG grant of \$254,058 for Program Year 2022. During Program Year 2022, the county expended ESG funds for emergency shelter, rapid re-housing and administration activities. The FY 2021 and 2022 ESG grants are not fully expended, and the

county appears to be within the 60 percent limitation established for street outreach and emergency shelter activities. The county is reminded of the 7.5 percent limitation established for ESG administration and should take steps to ensure compliance for the 2021 and 2022 ESG funds. Based on information contained in the IDIS PR93 report, "ESG Risk Status Recipient Report," the county needs to take action to ensure compliance with the commitment and disbursement requirements for its 2021 and 2022 ESG grants.

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

Affirmatively Furthering Fair Housing

The county also included in its CAPER its efforts to affirmatively furthering fair housing and identify impediments to fair housing. The Housing Rights and Resources Center (HRRC) at Tenfold continues to offer the Landlord/Tenant Guide in a multitude of languages online, and provides language line service for persons with Limited English Proficiency (LEP). 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 county'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 county 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.

Mr. Justin Eby
Executive Director
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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. Darlene Messina, Community Development Representative, at (215) 861-7572, or by email, at Darlene.A.Messina@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