



U.S. Department of Housing and Urban Development

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

DEC 18 2018

Mr. Robert Weir
Director
Department of Real Estate
and Housing
Louis L. Redding City/County Bldg.
800 French Street, 7th Floor
Wilmington, DE 19801-3537

Dear Mr. Weir

RE: Annual Community Assessment
City of Wilmington, Delaware
July 1, 2017 through June 30, 2018

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 (HUD) 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 Wilmington'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 2017. This report summarized accomplishments made with funds provided from the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Solutions Grants (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) 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 their 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.

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 their program year. When the 60-day timeliness test was conducted on May 2, 2018, it was calculated that the city had a balance in its line of credit of 1.44 times its annual grant, which was in compliance with the 1.5 timeliness standard. Please note that beginning in 2017, HUD will measure grantee compliance with the CDBG timeliness standard using the adjusted for program income ratio.

During the 2017 program year, the city reports that it expended 100 percent 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. In addition, the city spent 13.70 percent of its funds on public service activities, which is below the 15 percent regulatory cap. The city obligated 19.72 percent of its funds for planning and administration, which is below the 20 percent regulatory cap and in compliance with the program year obligation test t 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 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, the 2015 grant is not fully expended, and 19.53 percent of the grant was expended for planning and administrative costs. Though not fully expended, currently the city has expended 17.28 percent of its 2016 grant on planning and program administrative costs. However, HUD has determined that the city is not in compliance with the origin year expenditure test for its 2017 grant where 20.92 percent was expended for planning and administrative costs. The city should review its planning and administrative costs from its 2017 grant to ensure that the activities have been properly reported in IDIS and complete any reconciliation as necessary. If reconciliation alone cannot resolve the noncompliance, our office will work with the city to come up with a remediation plan. The city's final compliance with the 2015, 2016 and 2017 origin year expenditure tests will be assessed once the grants are fully expended.

The city received a CDBG grant of \$2,032,335 for Program Year 2017 and expended \$1,478,157 of CDBG funds during the 2017 Program Year. 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 tree planting, shelter operations, employment training, services for abused and neglected children, subsistence payments, residential facades, public improvement, fair housing education and outreach, housing counseling, youth activities, and property rehabilitation.

The city has met the HOME requirement to provide at least 15 percent of HOME funding to Community Housing Development Organizations. During FY2017, the city disbursed HOME funds to multiple projects, which are currently under construction: Ingleside Senior Apartments and the Village of St. John will result in approximately 88 senior rental units; and Central Baptist CDC will produce 2 affordable rental units. Our Youth Inc., once completed, will result in two units of affordable homeownership. The city continued to work with existing CHDOs and other housing development agencies, including Interfaith Housing Development, Cornerstone West, The Ministry of Caring, Our youth, Inc. and Central Baptist CDC. We remind grantees that all HOME projects should be closed within 120 days of their final draw.

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.

In reference to fair housing, in FY2016, the city reviewed the Analysis of Impediments and reached out to each responsible party for updates on actions towards resolution. The city formed a Fair Housing Task Force, tracked housing complaints within the city, collected board member data to ensure representation, and created a Limited English Proficiency (LEP) plan (after conducting an analysis) for those city residents who do not speak English "very well", according to the latest Census data. In FY2017, work began on the city's first Assessment of Fair Housing, which is a state-wide collaboration of all CDBG grantees and Public Housing Authorities.

In an effort to affirmatively further fair housing and expand affordable housing opportunities on a regional level, the city will continue to provide financial support to the statewide Delaware Housing Search website. This website provides a real time search on the availability of affordable and accessible housing. The City of Wilmington follows guidelines to affirmatively further affordable housing through its affirmative marketing program. This set of guidelines is used to operate its HOME Investment Partnership Program, a copy of which is available for public inspection at the City of Wilmington's building.

HUD's Office of Fair Housing and Equal Opportunity (FHEO) also reviewed the city's CAPER for Program Year 2017. FHEO provided the following recommendations: FHEO recommends the jurisdiction implement the following actions in future CAPERS:

- FHEO requests that the city provide FHEO with a document outlining the activities completed during the 2017 program year to address each of the seven impediments. The city would identify each impediment and document the actual activities completed under that impediment.
- In future CAPERS, FHEO requests that the city include Table 2, Assistance to Racial and Ethnic Populations by Source of Funds.

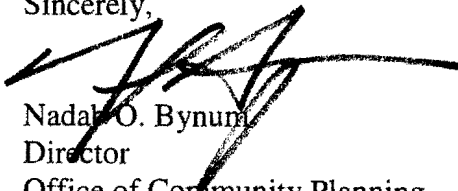
Mr. Robert Weir
Director
Re: Annual Community Assessment
Program Year 2017
Page 4

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. Michelle Patterson, Senior Community Planning and Development Representative, at (215) 861-7665. This office may be reached by text telephone (TTY), at (800) 877-8339.

Sincerely,



Nadia O. Bynum
Director
Office of Community Planning
and Development