July 16, 2021

Nadab O. Bynum, Director
Office of Community Planning and Development
US Department of Housing and Urban Development
Philadelphia Field Office
The Wanamaker Building
100 Penn Square East
Philadelphia, PA 19107-3380
Via Electronic Mail: nadab.bynum@hud.gov

RE: Annual Community Assessment
Commonwealth of Pennsylvania
January 1, 2020 to December 31, 2020

Dear Mr. Bynum:

On behalf of the Commonwealth of Pennsylvania and the Department of Community and Economic Development (DCED), I would like to thank you for your thorough and timely analysis of our annual performance requirements under the provisions of the Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990. The year was an exceptional one with many challenges faced through the COVID-19 pandemic. Despite these challenges, DCED continued to strive to improve operations and build capacity to effectively administer the US Department of Housing and Urban Development (HUD) Community Planning and Development (CPD) activities and portfolio. We appreciate the outstanding support of you and your team during this unprecedented time. Your support and guidance are invaluable and contribute to our success.

Please accept this correspondence as a summary of our comments on the assessment of our performance.

**Community Development Block Grant (CDBG)**

As stated in your letter, the COVID-19 pandemic presented issues with obligating our FY 2019 funds by November 12, 2020. We appreciate your understanding and flexibility throughout this time. As of today, all the FY 2019 funds have been obligated.

DCED has upheld the objective of the Community Development Act of 1974 by ensuring that 70 percent of CDBG fund expenditures are for activities benefitting low and moderate-income persons. We will continue to aim to exceed this primary objective.
As you note, DCED has capped administrative expenses at two percent. However, please be aware that beginning with the 2019 program year under Act 20 dated June 28, 2019 and continuing thereafter, the Commonwealth has increased this cap to three percent.

Despite travel restrictions and DCED staff teleworking through most of the year, the CDBG team continued to work with subrecipients to provide technical assistance and targeted guidance and, where staffing at the local level allows, some remote contract monitoring occurred. In addition, as you stated, we were successful in conducting 123 contract reviews and 2,563 invoice reviews. We appreciate our partnership with HUD to help DCED better manage the CDBG Program and provide for continued subrecipient oversight.

**HOME Investment Partnerships (HOME)**

With the placement of a new Program Manager in January 2020, the Commonwealth’s HOME Program has continued to make positive strides in effectively administering the program. The team is focused on HOME fundamentals while still working to ensure we support projects owned, sponsored or developed by Community Housing Development Organizations, regardless of the suspension of the requirement. DCED continues to work with its partner at Pennsylvania Housing Finance Agency to expand the CHDO activity in Pennsylvania and support non-profit developers to address affordable housing needs.

The team continues to provide strong oversight with subrecipients in the understanding of the HOME rule and DCED expectations of state recipients and subrecipients. We are also committed to monitoring compliance and will continue to process invoices for approval through our Financial Management Center (FMC).

As you recognize, we are pleased that DCED’s heightened attention to subgrantee activity has resulted in a significant decrease in the number of activities remaining open 120 days after the final draw and has helped to ensure that funds awarded for projects are able to be completed in a timely fashion.

**Emergency Solutions Grant (ESG)**

The COVID-19 pandemic has presented both challenges and opportunities for the ESG Program. The funding provided through the CARES Act and other COVID relief acts were issued in amounts of historical proportions. These funds have been a life support for many households during the pandemic. It has also presented a challenge of being able to expend funds within HUD’s established timelines. With the influx of funding available to help households obtain and maintain housing, expenditures of ESG funds have been impacted. As you note, for FY 2018 we had a balance of $13,700.56. We appreciate your support and approval of the workout plan for these funds.

DCED has continued to work under an improved oversight of the Emergency Solutions Grant in 2020. DCED closely monitors activity of subrecipients, with attention to expenditures and the makeup of each invoice.
Remote monitoring of eligible expenses and clients occur at the time of invoicing. Followed by on-site performance reviews annually.

**Appalachian Regional Commission (ARC)**
DCED partners with the Appalachian Regional Commission and Local Development Districts in targeted Pennsylvania counties to support economic and social development in the Appalachian region. As a Basic Federal Agency, DCED oversees the award of funds from ARC through HUD to local communities.

One HUD ARC project remains open, PA1903921417 with a balance of $4,101.95. Closeout documentation was submitted to Robert Peterson and Nadab Bynum on April 13, 2021 and we are awaiting a response from HUD to disencumber the funds.

**Neighborhood Stabilization Program (NSP)**
DCED has contracted with the City of Pittsburgh and Washington County for use of a significant portion of the remaining $3 million in program income and US Treasury funds available for distribution under the NSP1 allocation. Both communities have new homeownership projects underway with completion expected by 12/10/21.

**Fair Housing and Equal Opportunity (FHEO)**
DCED continues to work closely with our partner units of local government to affirmatively further fair housing through the implementation of our Analysis of Impediments. As mentioned, DCED is implementing several methods to affirmatively further fair housing including developing an updated training and planning resource for municipalities to incorporate fair housing regulation and requirements in the development of fair and affordable housing.

**Community Development Block Grant Disaster Recovery (CDBG-DR)**
As you note, the impacts of Hurricane Irene and Tropical Storm Lee and subsequent disaster declarations in 2011 have made a lasting impact on 36 Pennsylvania counties. DCED is appreciative of the strong working relationship developed with HUD that have allowed us to complete several projects under Disaster Recovery in the last year.

In addition, DCED has identified specific local projects and priorities included in substantial amendments to the action plans for the P.L. 112-55 and 113-2 including the Town of Bloomsburg for the improvement of the Honeysuckle Lane Stormwater Mitigation System and Columbia County to acquire and demolish twenty-two (22) properties which have been identified as being located in a floodway, flood-prone area, or have experienced severe repetitive loss or repetitive loss as a result of past flooding events.

Overall, DCED and the Center for Community and Housing Development have made great strides in 2020 despite the unique challenges brought forth by the COVID-19 pandemic. We are committed to effectively
meeting the dynamic needs of the housing and community development programs of the CPD office. We are appreciative of your guidance and support and look forward to continuing to work together to serve the needs of Pennsylvanians and improve communities within the Commonwealth.

Sincerely,

Angela Susten, Director
Center for Community & Housing Development

Cc:  The Honorable Dennis M. Davin, Secretary, DCED
     Richard P. Vilello, Jr., Deputy Secretary Community Affairs and Development, DCED
     Xiaomin Cai, Senior CPD Representative, HUD