



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
NEWARK FIELD OFFICE – REGION II
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NEWARK, NEW JERSEY 07102-5260

January 14, 2022

Mr. C. Andre Daniels
Department of Housing & Economic Development
City of Trenton
319 East Stat Street, City Hall
Trenton, NJ 08608-1866

Dear Mr. Daniels:

Subject: Consolidated End-of-Year Review -- Program Year 2020

The U.S. Department of Housing and Urban Development (HUD) is required to conduct an annual review of grantee performance. In Program Year 2020, Grantees were required to include CDBG-CV funds. This is to report to you the results of our review. Additionally, the Secretary must determine 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.

We congratulate you on your accomplishments during this past year on the achievement of Departmental objectives.

Comments

Community Development Block Grant Program Financial Analysis

The requirements at 24 CFR 570.200(g)(2) state that no more than 20% of the sum of any grant plus program income, shall be expended for planning and program administrative costs, as defined in 24 CFR 570.205 and 570.206, respectively. The PY2020 IDIS Financial Summary Report (PR26) indicates that the City of Trenton obligated 6.56% of its CDBG funds for planning and administrative costs. Therefore, the City of Trenton is in compliance with this requirement.

Additionally, requirements at 24 CFR 570.200(g)(1) state that no more than 20% of any origin year grant for PY 2015 and beyond, shall be expended for planning and program administrative costs, as defined in 24 CFR 570.205 and 570.206, respectively. The PY2020 IDIS Activity Summary Report by Selected Grant (PR26) indicates that the City of Trenton expended 4.75% of its 2020 CDBG funds for planning and administrative costs. Therefore, the City of Trenton is in compliance with this requirement.

In general, the costs for public service activities are limited to 15% of the sum of the grant plus program income received during the preceding program year, pursuant to 24 CFR 570.201(e). We note that the City of Trenton has an approved waiver of this limitation, up to 24.5% of the annual grant or \$1,063,268, whichever is greater. The PY2020 IDIS Financial Summary Report (PR26) indicates the City of Trenton obligated 5.71% for public service costs, which is within the limitation.

Pursuant to 24 CFR 570.902, Review to determine if CDBG-funded activities are being carried

out in a timely manner, this Office reviewed the City of Trenton for compliance with requirements for carrying out a CDBG Program in a timely manner. A grantee is considered to be in compliance if, 60 days prior to the end of its program year, there is no more than 1.5 times its annual grant remaining in the line of credit. Trenton has a July 1st Program Year Start Date. When the 60-day test was conducted on May 2, 2021, it was calculated that your community had a balance in its line of credit of 3.61 times its annual grant. According to that policy, grantees that become untimely for the second or more times, will be offered the opportunity to participate in an informal consultation with HUD to discuss the reasons the grantee was not in compliance with 24 CFR 570.902.

Through a series of memos, HUD suspended the timeliness requirement throughout FFY2021, therefore, no further action is required at this time on your 2020 progress. However, the City of Trenton should plan to compliantly draw sufficient CDBG funds from its line of credit by May 2, 2022.

IDIS Reporting

Please note that CDBG grantees should report proposed accomplishments when setting up an activity in IDIS. HUD also recommends that grantees report actual accomplishments as they are achieved or on a quarterly basis, at a minimum. However, grantees are required to report actual accomplishments at the completion of an activity and/or the end of their program year, whichever comes first.

End-of-year reporting fulfills three purposes by helping grantees:

1. Meet CAPER and program requirements.
2. Produce accurate IDIS reports, some of which must be made available to the public.
3. Ensure that HUD will have the most current information during its annual assessment of a grantee's performance.

Emergency Solutions Grant Program Financial Analysis

Pursuant to CFR 576.203(b) all the recipient's ESG grant funds must be expended for eligible activity costs within 24 months after the date HUD signs the grant agreement with the recipient. The ESG Financial Summary Report (PR91) provides information on commitments and draws that can be used to assess a recipient's progress in meeting expenditure requirements. A review of the PR91 for the FY2020 grant indicates the City of Trenton has an expenditure deadline of November 2, 2022, and to date there are still \$110,385.69 of expenditures required to draw down the full grant. HUD is providing this warning notice, so the City of Trenton may expend the remaining funds before the upcoming deadline and enter expenditures into IDIS to meet its deadline requirement.

Further, the ESG requirements at 24 CFR 576.100 state the fiscal year grant expenditure cap for street outreach and emergency shelter activities is limited to the greater of 60% of the total fiscal year grant or the amount of FY 2010 grant funds the recipient committed for homeless assistance activities. The remaining grant funds must be spent on Homelessness prevention, rapid re-housing, HMIS components and administrative activities. A review of the PR91 lists the City of Trenton has committed 51.8% of the grant funds to shelter and outreach and have drawn 27.69% of the funds for shelter and outreach activities. The City of Trenton appears to be in compliance for the 2020 program year with the 60% cap.

Pursuant to CFR 576.203(b) all the recipient's ESG grant funds must be expended for eligible activity costs within 24 months after the date HUD signs the grant agreement with the recipient. The ESG Financial Summary Report (PR91) provides information on commitments and draws that can be used to assess a recipient's progress in meeting expenditure requirements. A review of the PR91 for the FY2019 grant indicates the City of Trenton had an expenditure deadline of September 12, 2021, and to date there

are still \$40.61 of expenditures required to draw down the full grant. Accordingly, the City of Trenton is in non-compliance with the 24-month expenditure requirement, although it is minimal.

Under 24 CFR 576.501(b)(7) HUD may reduce or terminate the remaining grant of a recipient for failure to comply with the 24-month expenditure deadline. Within 30 days of the date of this letter you must submit a written plan for action to correct, mitigate, and prevent noncompliance with the ESG expenditure requirements and to spend down the remaining \$40.61 of FY2019 grant funds. Your plan should include the following:

- A schedule of actions for carrying out activities affected by the noncompliance, including schedules, timetables, and milestones necessary to implement the affected activities.
- A management plan that assigns responsibilities for carrying out the remedial actions.
- Cancel or revise activities likely to be affected by the noncompliance, before expending ESG funds for the activities.
- Reprogram ESG funds that have not yet been expended from affected activities to other eligible activities.
- Request to deobligate the balance.

We have included some recommendations to improve performance as you continue to carry out your programs.

CR-00: Citizen Participation

- The City of Trenton did not include a copy of the public notice or a summary of citizen's comments with its CAPER submission. The City indicated that the public notice for the CAPER was published in the Trenton Times on September 10, 2021. The public comment period was from September 10, 2021, through September 27, 2021. Please submit a copy of the public notice and all public comments to the CAPER and evidence that the City responded to and addressed each comment.

CR-15: Resources and Investments

- The City must provide a description of how any publicly owned land or property located within the jurisdiction was used to address the needs identified in the Consolidated Action Plan. The City should discuss the use of demolished properties in this area. The City must also explain how federal funds were used to leverage private, state, and local resources.

CR-20: Affordable Housing

- The City of Trenton must provide the following data:
 - The number of extremely low-income renter and owner households.
 - The number of low-income renter and owner households.
 - The number of moderate-income renter and owner households.
 - The number of middle-income persons served.
- The CAPER did not include a summary of the City's efforts to address "worst case needs", and progress in meeting the needs of persons with disabilities. Worst-case housing needs are defined as low-income renter households who pay more than half of their income for rent, live in seriously substandard housing, which includes homeless people, or have been involuntarily displaced. The needs of persons with disabilities do not include beds in nursing homes or other

service-centered facilities.

Please note the following comments from the Newark Fair Housing and Equal Opportunity (FHEO) Center:

1. Based on the information the City provided in its CR-10 Chart, there appears to be some significant differences in the quantity of CPD-funded services/benefits provided to minorities as compared to their representation in the jurisdiction. Of the total population in the City of Trenton, 88.8% are minorities, but only 72% of minorities benefitted from the City's CPD funded housing/non-housing program. This means that 16.8% of minorities in the jurisdiction did not benefit or otherwise participate in the City's CPD funded activities. Moving forward, the City must conduct targeted outreach to racial and ethnic minorities to ensure that they have meaningful access to the City's CPD programs and services. The City can achieve this by implementing a robust outreach and education program for the populations that are least likely to apply. FHEO also recommends outreach through community organizations that service the housing needs of income eligible minorities. Additionally, the program must also include meaningful education and outreach to qualifying LEP populations.

2. The City is reminded that 24 C.F.R. §85.36(e) provides in part that grantees shall take affirmative steps to encourage contracting with minority and female-owned business enterprises whenever possible. As such, the City should in good faith endeavor to implement the following actions: develop a method for identifying and maintaining an inventory of certified MBE.s and WBEs; utilize local media, electronic and print, to market and promote contract and business opportunities for MBE.s and WBEs; develop informational materials on contract/subcontract opportunities; develop procurement procedures that facilitate opportunities for MBE.s and WBEs to participate in opportunities as vendors and suppliers of good and services; sponsor business opportunity-related meetings, conferences, and seminars with MBEs and WBEs; and maintain centralized records with statistical data indicating the participation of MBEs and WBEs as contractors/subcontractors in all HUD-assisted program contracting activities. In doing so, the City will be better able to target minority business enterprises and women business enterprises for HOME contracts.

3. On June 10, 2021, HUD issued an interim final rule (IFR) entitled *Restoring Affirmatively Furthering Fair Housing Definitions and Certifications*. This rule went into effect on July 31, 2021, whereby it: (1) restored certain definitions and certifications pertaining the Fair Housing Act's requirement to affirmatively further fair housing (AFFH), (2) created a voluntary fair housing planning process where HUD provides technical assistance to grantees seeking such support, (3) did not require any specific fair housing planning or submission to support AFFH certifications, (4) allowed program participants to voluntarily engage in fair housing planning by conducting or updating an Assessment of Fair Housing (AFH) or an Analysis of Impediments to Fair Housing Choice (AI), continuing to implement an AFH or AI, or engaging in some other form of fair housing planning, (5) supported AFFH voluntary efforts through resources such as the AFH assessment tools and HUD's Data and Mapping Tool (AFFH-T) which can be found at www.hud.gov/affh. HUD's AFFH page also provides fact sheets, an AFFH Guidebook, and Fair Housing Planning Guides' Volume 1 and Volume 2 and (6) while not required, fair housing plans may be voluntarily submitted for FHEO feedback and technical assistance. Please do not hesitate to contact FHEO for further information on this matter.

4. The Recipient's Asian population is 1,663 (2.0%), and the Hispanic population is 29,832

(35.95%), both of which exceed the 1,000 persons or 5% threshold for LEP requirements under Executive Order 13166. The LAP should ensure that LEP persons are involved in the planning process and are aware of the Recipient's available HUD-funded programs. The Recipient must conduct the Four Factor Analysis. The Four-Factor Analysis is meant to help recipients of federal financial assistance determine the extent of their obligations to provide language assistance services to individuals who are limited English proficient (LEP). The obligation to provide meaningful access to federally funded programs for LEP individuals originates from Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, and national origin in programs that receive federal financial assistance. After the Recipient conducts the Four-Factor Analysis, the Recipient should develop a Language Assistance Plan (LAP) that reflects the result of the analysis. The LAP will ensure that LEP individuals are involved in the Recipient's planning process and are aware of the City of Trenton's available HUD-funded programs and services. Copies of the LEP/LAP documents should be submitted to FHEO within 60 days of receipt of this correspondence. FHEO staff can provide technical assistance, and information can be obtained from www.lep.gov. However, if the City of Trenton has already conducted the Four-Factor Analysis and implemented a LAP, it should be submitted to FHEO for review within 30 days of receipt of this correspondence.

HUD revised the Section 3 regulations, which are now 24 CFR Part 75. Notice CPD 21-09 provides information on the grantees reporting requirements. The regulations became effective on November 20, 2020 and require grantees to report on all activities completed on July 1, 2021 in IDIS. Since your grant year ended prior to that reporting requirement, this review does not include a review of Section 3 documentation submitted.

Within thirty (30) days from the date of this letter, please provide this Office with the above requested information.

Background Information

HUD's Office of Community Planning and Development has sought to establish partnerships with State and local governments. The focus of our partnership has been to work with communities to ensure that our joint efforts result in housing and community development programs and policies that benefit and serve low- and moderate-income persons. These efforts occur within the framework of the statutes we administer and the regulations and emerging policies that are designed to improve program performance.

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.

Traditionally, these determinations were made through the review of annual reports submitted by grantees for each individual program receiving assistance. With the implementation of the Consolidated Planning Regulations of January 5, 1995, the Department will be making a comprehensive performance review of your overall progress at least annually, as required by the statutes and 24 CFR 91.525 of the regulations. The review consists of analyzing your consolidated planning process; reviewing management of funds; determining the progress made in carrying out your policies and programs; determining the compliance of funded activities with statutory and regulatory requirements; determining the accuracy of required performance reports; as well as evaluating your accomplishments in meeting key

Departmental objectives.

This assessment not only meets the standards of the statutes, but it also provides a basis for working together collaboratively to help you achieve housing and community development goals. One critical outcome of this collaboration should be the development of a more comprehensive, effective, and concise Consolidated Plan and improved performance in achieving specific goals that correspond to the activities outlined in your Action Plan.

Public Access

Within 30 days, please provide a response as requested above. Also, please review this report and, if you wish, provide additional written comments to us within 30 days from the date of this letter. HUD may revise the report after considering your views. Note that we must make your comments and the report, with any revisions, readily available to the public within 30 days of receipt of your comments (or within 30 days after your comment period if no comments are received). There are several ways the report can be made available to the public. You can assist us in this regard by sharing HUD's report with the media; with a mailing list of interested persons; with members of your advisory committee; or with those who attended hearings or meetings. HUD will make this information available to the public upon request and may provide copies of future reports to interested citizens and groups.

As a result of our analysis, we have determined that your overall progress is satisfactory and that you have the continuing capacity to implement these programs.

This determination is based upon information available to this Office and does not reflect a comprehensive evaluation of specific activities.

If there are any questions, please contact Ms. Elizabeth Williams, Senior Community Planning and Development Representative by e-mail at Elizabeth.X.Williams@hud.gov.

Sincerely,

Annemarie C. Uebbing, Director
Community Planning and Development

cc: Honorable W. Reed Gusciaro, Mayor
City of Trenton