



U.S. Department of Housing and Urban Development

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November 21, 2008

Honorable Eddie A. Perez
Mayor
City of Hartford
550 Main Street
Hartford, CT 06103

Dear Mayor Perez:

The City of Hartford received \$3,944,378 in Community Development Block Grant (CDBG) funds, \$1,916,284 in HOME funds, \$170,331 in Emergency Shelter Grant (ESG) funds, and \$1,098,000 in Housing Opportunities for Persons with AIDS (HOPWA) funds in Federal Fiscal Year 2007. This is HUD's report on our assessment of the use of those funds.

The Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require that grant recipients submit annual performance reports for the programs covered under these Acts. The Acts also require the Secretary of HUD to determine annually that the grant recipient is in compliance with these statutes, and has the continuing capacity to carry out the programs for which it receives funds.

Our review includes an analysis of each grantee's planning process; its management of funds; progress in carrying out the strategies and goals expressed in the Consolidated Plan; compliance with statutory and regulatory requirements; accuracy of required performance reports; and evaluation of its accomplishments in meeting key departmental objectives.

Our Annual Assessment is directed not only toward meeting the mandates of the statutes, but to provide the basis for working together collaboratively to achieve the revitalization goals of your community.

We congratulate you on your community's accomplishments during this past year regarding the achievement of Departmental Objectives.

Noteworthy Accomplishments

A. Community Development Block Grant Program

In the face of a worsening economy and slumping housing market, the City of Hartford continued to actively pursue initiatives to improve its housing stock and provide affordable housing opportunities with its CDBG allocation. In doing so, the City kept pace with or exceeded the housing goals outlined in its Consolidated Plan. Twenty-one (goal – 10) homeowners who may not have otherwise had the resources were provided with gap financing to help purchase rehabilitated or new 1-4 family homes. In an effort to maintain its housing stock, Hartford provided some \$1,428,855 in loans to 52 homeowners (goal - 60) to rehabilitate their properties. Included in this total are 43 rental units. To prepare for homeownership or to deal with housing related issues, 491 low- and moderate-income persons (goal - 175) were provided homeownership counseling or information on tenant and landlord rights and responsibilities by subrecipient agencies awarded CDBG funds by the City. Thirty-four families that received homeownership counseling became new homeowners.

Economic development continues to be a priority for the City of Hartford and CDBG funds were dedicated to various projects. In FY2007, 53 businesses (goal - 47) were provided assistance to develop or expand with CDBG assistance and one business received working capital for hard and soft business development costs. Five small businesses received economic improvement loans, 25 residents received training in the development of micro-enterprises and three went on to start a small business.

CDBG funds were directed to a variety of public service activities in 2007 with a focus on youth, the elderly and the disabled. Highlights include:

- 284 5th graders benefited from pregnancy prevention services,
- 1898 children age 5-12 were able to attend summer camp because transportation fees were paid for,
- 174 seniors were provided recreational services and social programming, and
- 17 severely disabled and behaviorally challenged children benefited from a summer program of education and recreation activities.

B. HOME Program

The City of Hartford also used HOME funds for the rehabilitation and preservation of housing and for home purchase. The City's Downpayment and Closing Cost Assistance Program provided assistance in the amount of \$555,491 to 43 first-time homebuyers which included 27 low- and moderate-income households. In the past year, 40 units of multi-family housing were developed by Community Housing and Development Organizations. Also, 164 rental and owner units are under construction and an additional 104 units have funding commitments. The City is making substantial progress toward its goal of providing 600 new or rehabilitated rental and homeownership units by 2010. We congratulate the City of Hartford on its recent efforts to provide affordable housing opportunities with its HOME Program funding.

We note that during the current year the City met its commitment and expenditure requirements for the use of HOME funds. The results of on-site inspections of affordable rental

housing were documented in the Summary of Onsite Inspections/Monitoring of Home Rental Units report included in the Consolidated Annual Performance and Evaluation Report (CAPER). We commend the City for its diligence in maintaining compliance with 24 CFR 92.504(d), *On site inspections*.

The HOME Participating Jurisdictions Vacant Units Report dated September 30, 2008, indicated that 28 of the City's HOME-assisted activities completed in the Integrated Information and Distribution System (IDIS) do not contain occupancy and beneficiary data. If occupancy and beneficiary data from the time of the activity completion is no longer obtainable, data on the current occupant can be used in its place. Please complete or correct the occupancy and beneficiary information in IDIS.

The CAPER also included an assessment of the City's outreach to minority and women-owned businesses. Nineteen percent of the subcontractors employed in the HOME assisted projects completed during the performance period were minority-owned businesses. The City may wish to consider funding programs that provide technical assistance on how minority and women-owned businesses can participate in the City's Entitlement funded construction projects.

C. Emergency Shelter Grant Program

Hartford and the Continuum of Care collaborated to provide services to homeless individuals and families and to transition them to permanent housing. ESG funds were used to support the services of 10 emergency and day shelters in the City including the two largest shelters, Immaculate Conception Shelter and South Park Inn. Specific services include:

- Emergency shelter
- Drop-in center
- Food pantry and soup kitchen
- Mental health and substance abuse counseling
- Health care
- Employment training
- Transitional housing and homeless prevention

These facilities served 10,698 individuals in 2007, far exceeding the goal of 3,726 individuals.

D. Housing Opportunities for Persons with AIDS

Ten subrecipients currently receive HOPWA funds from the City of Hartford. Four of the subrecipients are faith-based organizations. In this year's CAPER, the City reported that HOPWA funds were used to sustain and expand housing, support services, HIV/AIDS prevention/education and case management. Nine hundred and sixty individuals and/or families received services from subrecipients funded with HOPWA dollars from the City of Hartford HOPWA Program.

The City's HOPWA program was monitored during the program year. We are pleased to report that there were no findings or concerns noted for the period monitored. City staff attended all HUD sponsored HOPWA training and appear to have a good knowledge of the HOPWA

regulations and program requirements. We reviewed your annual report which was accurate and provided information to determine that services are consistent.

The City of Hartford should remind all subrecipients of the requirement for submission of the new HOPWA Annual Performance Report (APR) and encourage them to report on necessary elements of the APR on a quarterly basis.

E. General

In 2007, the City of Hartford expended 91.67% of its CDBG funds on projects or activities that benefited low- and moderate-income individuals, exceeding the 70% requirement. Expenditures for public service and planning and administration activities were well below required expenditure caps.

The City met the standard HUD uses to determine if communities are delivering program activities to residents in a timely manner in all four formula grant programs last year. In the CDBG program, the grant recipient must have no more than 1.50 years of unexpended grant funds in its line of credit 60 days before the end of the program year. Hartford's 60 day balance was equivalent to 1.20 years of grant funding.

We commend the City of Hartford for continuing to produce a well organized, clear and concise CAPER. The reader will develop a clear understanding of the accomplishment of the various projects and activities funded by formula and competitive grant awards as well as the City's goals and the challenges that it faces. Hartford's CAPER is a most effective way to organize and produce a required report.

Fair Housing Activities and Impediments to Fair Housing Choice

The CAPER was reviewed by the Office of Fair Housing and Equal Opportunity and the following comments and recommendations are provided,

Comments

The City of Hartford conducted the following fair housing activities during Federal Fiscal Year 2007:

- The Office of Human Resource (OHR) expanded their website to include a wealth of information about fair housing, including new and updated links to numerous agencies and organizations such as HUD and the Connecticut Commission on Human Right and Opportunities. The website provides education, counseling, and enforcement regarding fair housing issues; investigates fair housing complaints and provides legal assistance to those who believe they are victims of discrimination.
- The OHR developed two brochures: A Decent Place to Live-Landlords and Tenants Rights and Responsibilities in Hartford and Fair Housing for Immigrants and Minorities. They are available at the OHR office and on their website.

- The OHR and the Fair Housing Officer collaborated with the Housing Education Resource Center to provide a seminar on fair housing and landlord/tenant rights and responsibilities. The City celebrated the 40th Anniversary of the passage of the Fair Housing Act by conducting a seminar called April is Fair Housing Month.
- The OHR provided technical assistance and education on fair housing issues to 26 Hartford families.

Recommendations

We anticipate that the CAPER for the next program year will include information on the number of individuals who use the expanded Office of Human Resource website to obtain fair housing information.

Additionally, we request that the City of Hartford consider some common impediments to fair housing choice including:

- Neighborhood objections and zoning regulations which limits the availability of housing for low- and moderate-income individuals and families and supportive housing for persons with disabilities,
- The availability of accessible housing units for disabled persons,
- The willingness of landlords to rent to families with children, and
- Issues affecting populations with Limited English Proficiency.

In preparing the Action Plan for the next program year, the City of Hartford should consider the impediments to fair housing choice above and include specific steps to address these impediments. In the CAPER, the City should report on the extent to which it was able to address these impediments.

Areas of Concern and/or Consideration

Timely Expenditure of Funds

In our letter of May 23, 2008, we expressed concern about the balance of \$4,470,497 in the City of Hartford's Community Development Block Grant (CDBG) program revolving loan fund. This balance supports the housing rehabilitation activities of the Hartford Preservation Loan Fund. We indicated that we believe "Hartford is not providing for the prompt distribution of funds for programs and activities to benefit the community because of the large revolving loan fund balance."

We came to this conclusion because the regulations at 24 CFR 570.902(a) set the standards for determining whether or not entitlement communities are carrying out funded activities in a timely manner. One standard provides that the Department may consider an entitlement community to be failing to carry out CDBG funded activities in a timely manner if 60 days before the end of the program year, the amount of unspent entitlement grant funds combined with program income on hand is more than 1.5 times its current grant amount. On May 2, 2008, the ratio adjusted for program income was 2.35 times the current grant amount with the balance

on hand exceeding the current grant by \$3,360,354. This was largely due to the CDBG revolving loan fund balance of \$4,470,497.

In our letter, we asked that the City submit a proposal that shows how the revolving loan fund balance will be reduced to a manageable level by the end of the next program year on June 30, 2009. After consulting with staff from the Grants Management Office and analyzing supplemental information, it appears that the City of Hartford will be able to meet the required timeliness standard adjusted for program income on May 2, 2009, the next test date. Further, refined projections indicate that the revolving loan fund balance will decrease each year to an estimated \$911,917 on June 30, 2011.

Although the revolving loan balance will not be markedly reduced by June 30, 2009, we accepted the staff's determination that given expenditure and revenue projections, the City will be able to adhere each year to the timeliness standard adjusted for program income. Therefore, we did not require that the City of Hartford reprogram CDBG funds from the revolving loan fund balance to another use. However, we stated that we anticipate that the City will monitor the progress of funded projects and activities and the level of expenditures during the year and if necessary, make adjustments to meet the timeliness standard.

Section 108 Jobs Reports

Hartford had two active Section 108 projects in 2006; the construction of the Adriaen's Landing Marriott Hotel and the Neighborhood Mall. We noted in our letter dated November 27, 2007, in which we provided an assessment of the use of formula funds awarded to the City in FY2006, that despite the efforts of the City, the management of the Marriott Hotel project had not submitted the required reports on the number of jobs created by the project and the number of those jobs filled by low- and moderate-income persons as required by 24 CFR 570.206(b). These reports were to have been filed on July 1, 2005 and July 1, 2006. In our letter, we reminded the City that it is responsible for performing due diligence to obtain these reports which are necessary to determine if the project meets a national objective and thus is eligible for funding under the CDBG program.

Narrative on this subject in the FY2007 CAPER indicates that the matter has been referred to the City's Corporation Counsel and is still under review. We anticipate that the City will pursue this matter and will report on the successful resolution of this issue in the next CAPER.

Public Access

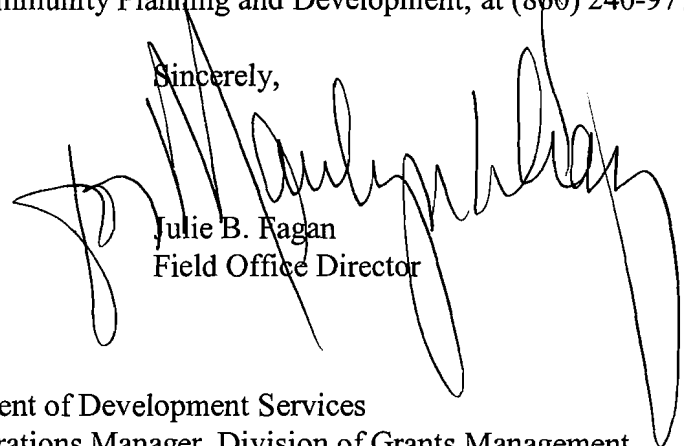
If the City of Hartford wishes to submit comments on this letter, please do so within 30 days of the date of this letter. We will consider any comments submitted, and may revise the content of our letter or attach comments received from you. If we do not hear from you, we will assume that the City concurs and has no objections to our letter. After the 30 days have expired, this letter must be readily available to the public. There are several ways to make it available to the public. You can assist us in this regard by sharing HUD's letter 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.

Conclusion

We are rating our Connecticut grantees' overall performance in carrying out their programs as either satisfactory or unsatisfactory. This determination is based upon information available to this office and does not reflect a comprehensive evaluation of specific activities. We have determined the City of Hartford's performance to be satisfactory. We further deem that Hartford has the continuing capacity to administer its programs.

If you have questions or would like to discuss any of these issues, please do not hesitate to contact Gary R. Reisine, Director, Community Planning and Development, at (860) 240-9770.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Julie B. Fagan', is written over the typed name and title.

Julie B. Fagan
Field Office Director

cc: David Panagore, Director, Department of Development Services
Miguel Matos, Administrative Operations Manager, Division of Grants Management