



U.S. Department of Housing and Urban Development
Buffalo Office
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Buffalo, New York 14203-1780
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JAN 11 2017

The Honorable Lovely A. Warren
Mayor, City of Rochester
City Hall, Room 308-A
30 Church Street
Rochester, NY 14614-1290

Dear Mayor Warren:

SUBJECT: Program Year 2015 Annual Community Assessment (ACA)
Reporting Period July 1, 2015 to June 30, 2016
Community Development Block Grant (CDBG) Program, HOME Investment
Partnerships Program (HOME), Emergency Solutions Grant Program (ESG), and
Housing Opportunities for Persons with AIDS Program (HOPWA)

The Housing and Community Development Act of 1972, as amended; the National Affordable Housing Act of 1990; and the Consolidated Plan regulations require HUD's grant recipients to submit annual performance reports. They also require HUD to conduct an annual assessment of each grantee, to determine whether it is in compliance with the statutes and program requirements, and whether it has the continuing capacity to implement and administer its HUD programs.

The enclosed annual assessment is primarily based on the City's Consolidated Annual Performance and Evaluation Report (CAPER), although continuing efforts are also taken into consideration. Based on available information, we have determined that the City of Rochester has met statutory and programmatic requirements and has the capacity to administer its HUD programs.

The enclosed report was previously transmitted to the City's Department of Neighborhood and Business Development Commissioner for his review and comments. This report is intended to be shared with the public, in accordance with the City's Citizen Participation Plan. HUD will also make it available to citizens, upon request.

If you have any questions or comments regarding this report, please contact Linda G. Moore, Sr. CPD Representative at 716-551-5755, extension 5830 or at linda.g.moore@hud.gov.

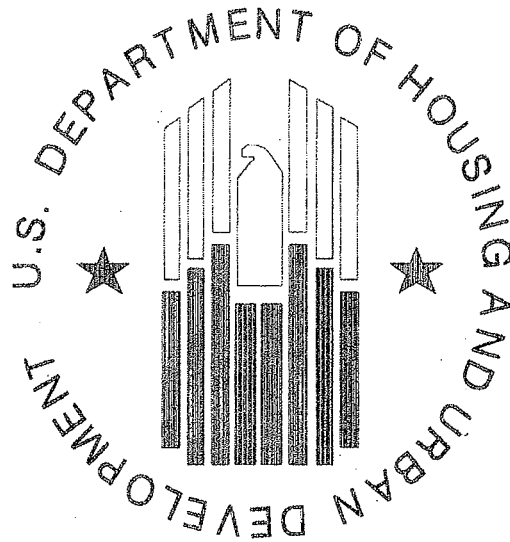
Sincerely,

A handwritten signature in cursive script that reads "Joan K. Spilman".

Joan K. Spilman
Field Office Director

Enclosure

**U.S Department of Housing & Urban Development
Buffalo, New York Office**



Annual Community Assessment Report

for

City of Rochester, New York

**Covering the Program Year of
July 1, 2015 – June 30, 2016**

INTRODUCTION

The City of Rochester, as a recipient of HUD Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), Emergency Solutions Grant Program (ESG) and Housing Opportunities for Persons with AIDS Program (HOPWA) funding, is required to annually review and report on its progress in carrying out the goals and priorities of its Consolidated Plan. The Consolidated Annual Performance and Evaluation Report (CAPER) is designed to be a tool to report the activities undertaken during the previous year to both HUD and local community stakeholders and residents. Prior to submission to HUD, a grantee must make its CAPER available for review by interested citizens and stakeholders.

HUD has a responsibility to review the CAPER and the community's performance on an annual basis. HUD relies on the CAPER, financial data and audits, program records, on-site monitoring and other resources to evaluate a grantee's overall performance and effectiveness. This review is an on-going process; however, this report summarizes a community's performance and its continuing capacity to administer HUD funds. This report is prepared to provide feedback on your community's performance in the delivery of programs and services using HUD Community Development funds. This report consists of four sections:

- Section I provides a general overview regarding compliance and reporting accuracy
- Section II evaluates grantee performance in key crosscutting functions
- Section III evaluates the progress and performance of each specific HUD program
- Section IV provides recommendations and follow-up activities, if applicable

Assessment Period: July 1, 2015 – June 30, 2016
 First Year of a 5-Year Consolidated Plan

Programs Administered & 2015 Funding Amounts:

CDBG	\$ 7,791,818
HOME	\$ 1,758,789
ESG	\$ 709,872
HOPWA	\$ 680,604

2015 Total Entitlement Funding Awarded: \$10,941,083

Section I - Summary of Consistency with Consolidated Plan & Annual Action Plans

HUD's review of the CAPER determined that the City followed the HUD-approved Consolidated Plan and Annual Action Plan during the 2015 program year (PY). The activities undertaken during the year are consistent with the City's 2015-2019 Consolidated Plan goals, objectives and priority needs. These goals, objectives and priority needs as stated in the City's 2015-2019 Consolidated Plan included the following high priority elements:

1. New affordable housing, housing condition, homeownership, accessible housing and lead paint hazards
2. Energy efficiency and renewable energy
3. Tenant/landlord education and counseling; tenant/landlord mediation, education and counseling; and landlord education

4. Mixed use development in neighborhoods and mixed income housing, using alternative housing types (micro-units, modular)
5. Cost-burdened homeowners
6. Barriers to fair housing
7. Homelessness, including homelessness prevention, rapid rehousing, emergency shelter and shelter diversion, transitional supportive housing and coordinated access
8. Non-homeless special needs, including permanent supportive housing, home safety, accessible housing and transitional supportive housing
9. Housing services, including housing and supportive services for people with HIV/AIDS
10. Neighborhood based program management and prioritization
11. Clearance and demolition and Brownfield remediation
12. Parks, recreation and other neighborhood facilities
13. Street improvements, sidewalk improvements and streetscape/right of way improvements
14. Youth recreation and empowerment, family support and skills development, safe neighborhoods, employment and job/employment training services, and worker cooperatives
15. Economic development technical assistance, including economic development assistance to for-profit businesses. Commercial nodes and corridors

In addition, the list of priority needs included the following activities that were identified as low priority activities: citywide planning and studies; water/sewer improvements; solid waste disposal improvements; flood drainage improvements; bicycle infrastructure; pedestrian/multi-use trails; urban agriculture; code enforcement; non-residential historic preservation; façade improvements; fire stations/equipment; homeless facilities; youth centers and facilities for abused/neglected children; early childhood education facilities; tree planting; health and nutrition; food security; justice system; community arts programs; and transportation services.

The actual 2015 Program Year expenditures recorded in IDIS verify that the City did expend HUD funds in these broad categories and within the requirements of HUD funding regulations. More detailed information about accomplishment highlights and assessments of expected accomplishments to actual accomplishments can be found in Section III of this report.

Performance Reports / CAPER Completeness

A Consolidated Annual Performance and Evaluation Report (CAPER) is due 90 days after the City completes its program year, which would be September 29th. The City's 2015 CAPER was received on September 24, 2016. The report was determined to be substantially complete, including providing an adequate description of the City's progress and performance throughout the program year.

More detailed information and an assessment of accomplishments can be found in Section III of this report. Comments/Notes and any requests for supplemental information will also be noted below.

Section II - General Overview and Cross Cutting Areas

FHEO - HUD's FHEO Division evaluated the City's 2015 CAPER and determined that the City's performance was adequate under Title VIII and E.O. 11063 Certifications. There were no recommendations.

Citizen Participation - The grantee has conducted the required hearings and public notification to comply with citizen participation requirements. No comments were received during the reporting period.

Compliance Monitoring - No HUD programs were monitored during the most recent two program years. The most recent HUD monitoring is described below:

- * Program Reviewed: HOME
- Date of Monitoring: June 26, 2013 – June 27, 2013
- Monitoring Status: No findings, no concerns and one recommendation

Subrecipient Oversight & Monitoring - The City reports that it regularly monitors and evaluates its subrecipients that administer activities with CDBG funds.

Management - The City has staff and consultants that are capable of administering and overseeing the HUD-funded programs.

Financial - The financial information reported by the City appears to be complete, accurate, and sufficiently detailed to document the overall condition of HUD programs. Our review did not disclose any issues related to financial compliance.

Audits - A Single Audit must be submitted each year 9 months from the end of the City's fiscal year. The City's Single Audit Report for the Program Year ended 6/30/2015 has been accepted by the Federal Audit Clearinghouse (FAC). There were no findings.

Quarterly Federal Financial Reports - Reports have been received for the assessment period and are current through September 30, 2016.

Section III - Specific Program Progress and Performance

Community Development Block Grant (CDBG)

National Objective Compliance: The CDBG program was designed to principally benefit low- and moderate-income persons. According to the City's PR26, during Program Year 2015 the City spent 84.43 percent of its non-administrative funds on activities that principally benefitted low-moderate income persons. Activities reported appear to meet a national objective.

PY 2015 Summary of Use of CDBG funds:

	Activities Completed	2015 \$ Disbursed	% of total Disbursed
Acquisition	152 activities	\$ 1,433,264.88	22.53%
Economic Development	76 activities	\$ 1,552,219.79	24.40%
Housing	226 activities	\$ 2,253,219.20	35.42%
Public Facilities & Improvements	7 activities	\$ 582,509.61	9.16%
Public Services	30 activities	\$ 539,794.49	8.49%
TOTAL	491 activities	\$ 6,361,007.97	100.00%

Activities: Program activities were adequately described during the reporting period. CDBG funds were spent on activities that were eligible under program rules. The above “Activities Completed” chart reflects multiple program year funding, does not reflect work in progress or activities underway at the time of the CAPER report and does not include planning and administration disbursements.

The City of Rochester has reported on the first year of a five-year strategic plan. The CAPER and IDIS indicate that the City has made good progress in meeting the stated numeric goals for specific activities.

Financial:

Planning and Administration: During Program Year (PY) 2015, the City expended 13.07 percent of its overall spending on planning and administration. This is within the 20 percent limit.

Program Income: The City receipted and drew \$752,467.43 in CDBG program income in PY 2015, leaving a \$0 balance.

Expenditure Timeliness: The CDBG program requires that the City’s unexpended CDBG funds be no more than 1.5 times its annual grant 60 days before the end of the program year. The City was in compliance with the 1.5 timeliness test made on May 1, 2016. As of December 1, 2016, the balance of CDBG funds on Rochester’s line of credit was \$16,423,610.05, which is 2.13 times the 2016 CDBG grant award of \$7,692,971. Based on historical performance we do not anticipate that the City will have any problem meeting its May 1, 2017 timeliness test.

IDIS Data: The City has aggressively addressed its older, open CDBG activities and should continue to monitor its IDIS records regarding the status of activities at least quarterly.

Public Services: The City expended 8.125 percent of its PY 2015 funds on public services activities. During PY 2015 the City spent \$764,368.55 (of PY 2015 and prior year) CDBG funds on 38 public services activities. Public services activities included youth services, promotion of local businesses, foreclosure prevention activities, aging in place services, tenant/landlord services, job training, parent leadership training, and distribution of carbon monoxide and smoke detectors.

Other Issues / Recommendations / Highlights

Highlights noted during the CAPER reviews include:

- Rehabilitated 172 single-family units and 13 multi-family units
- Provided direct financial assistance to 111 businesses
- Funded 38 public services activities

Home Investment Partnerships Program (HOME) Grant

Beneficiary Compliance: Beneficiaries were compliant with HOME low-mod income requirements.

Activities: Program activities were described for the reporting period. HOME funds were spent on activities that were eligible under program rules. The funded programs and accomplishments reported are on track, compared to the stated goals. Key programs included: homebuyer acquisition, rental housing rehabilitation and the first-time homebuyer program.

Financial

Administration: The City committed 10 percent of its PY 2015 HOME grant (\$175,878.90) for administrative activities. 99.99 percent of these funds were disbursed, leaving a balance of .90¢.

Program Income (PI): The PY 2015 IDIS PR09 report Program Income Detail by Fiscal Year and Program indicates no HOME PI balance at the beginning of PY 2015, \$230,229.26 in HOME receipts and \$230,229.26 in HOME draws. Page 12 of the City's 2015 CAPER indicates there was a \$55,507 HOME program income balance at the beginning of PY 2015, \$185,030 in HOME receipts and \$230,229 in HOME draws, leaving a \$10,308 balance at the end of the Program Year. This information needs to be reconciled.

Deadlines for Commitments/Reservations/Disbursements: The City met its August 31, 2015 2013 commitments, 2013 CHDO reservations and 2010 disbursement deadlines, as well as its August 31, 2016 2014 commitments, 2014 CHDO reservations and 2011 disbursement deadlines.

IDIS Data: The City has established an on-going IDIS clean-up program. Please continue to monitor your HOME activities at least quarterly and visit HUD's HOME website periodically for updates on needed clean-up and overall performance data.

Match: The City of Rochester received a 100 percent match reduction in PY 2015, based on fiscal distress. The City has not had a HOME match obligation since 2002.

CHDO Issues: The HOME program requires that grantees reserve a minimum of 15 percent of their annual award to one or more Community Housing Development Organizations (CHDOs), for the development of affordable housing. In PY 2015, the City received \$1,758,789 in HOME funds; the City is required to reserve 15 percent (\$263,818.35) to a CHDO(s). The City has reserved and committed 15 percent of its 2015 HOME funds.

Other Issues/Recommendations/Highlights

Highlights noted during the CAPER review include:

- Assisted twenty-eight households to become first time homebuyers
- Constructed eleven rental units

Emergency Solutions Grant (ESG)

Summary of Performance Indicators and Accomplishments

ESG-CAPER Annual Reporting Tool (eCart): Beginning with the 2015 CAPER submissions, grantees that receive Emergency Solutions Grant (ESG) funding were required to report their ESG accomplishments using the ESG-CAPER Annual Reporting Tool (eCart). eCart replaced the data previously collected on screen CR-65. The City of Rochester successfully carried out this new requirement.

Activities: The City does not provide shelter or services directly. The City uses a request for proposal process to solicit projects that receive funds. During the program year, ESG activities were adequately described and funds were expended on shelter, rapid rehousing and administration. In PY 2015 the City spent \$332,213.82 funding homeless activities at the following eleven agencies: Alternatives for Battered Women; Coordinated Care Services, Inc.; Dimitri House; Mercy Community Services; Rochester Area Interfaith Hospitality Network; Saving Grace Ministries of Rochester; Spiritus Christi Prison Outreach; The Center for Youth; The Salvation Army; Veterans Outreach Center; and the YWCA of Rochester and Monroe County.

Beneficiary Compliance: The ESG program is designed to provide shelter and support services to homeless persons. The City expected to serve 3,369 persons during the program year; the actual number served was 3,410.

100 percent Match Requirement: The City's ESG recipients have a 100 percent match requirement. The City should continue to ensure that this requirement is met by each recipient.

Commitments and Disbursements: The City is committing funds and making disbursements for activities and administration, although some 2012, 2013 and 2014 funds are not fully committed and/or fully drawn. The City has \$689.08 in 2012 ESG funds uncommitted and \$6,067.00 on the line of credit. The City has \$141.87 in 2013 funds and \$57,902.00 in 2014 funds on the line of credit.

Also note that the City has \$332,213.92 in 2015 ESG funds available to draw, prior to the October 26, 2017 deadline.

Housing Opportunities for Persons with AIDS (HOPWA)

Summary of Performance Indicators and Accomplishments

Activities: During the program year, HOPWA activities were adequately described and funds were spent according to program rules. During the program year, the City spent \$607,877.90 funding the following agencies:

Trillium (AC Center Inc. dba AIDS Care)
Catholic Charities Community Services, Inc.

Funds were expended on the following activities: tenant-based rental assistance; short-term rent, mortgage and utility assistance (STRMU); Permanent Housing placement and employment assistance (including providing bus passes).

Beneficiary Compliance: The HOPWA program is designed to provide housing for people living with AIDS. During the reporting period, the City expected to serve 175 households. The actual number served was 230.

Commitments and Disbursements: The City is committing funds and making disbursements for activities within the required timeframes and caps, including commitments and disbursements for administration. Program progress was determined to be satisfactory.

Other Issues/Recommendations/Highlights: None.

Section IV – Summary and Follow up

Follow Up Items

1. The City completed 122 demolition activities in PY 2015. Please review Chapter Five, pages 5-4 to 5-6 of *Basically CDBG at:*

<https://www.hudexchange.info/resources/documents/Basically-CDBG-Chapter-5-Property-Improvement.pdf>

to ensure each activity is eligible and has been assigned the appropriate national objective. Please note that, for activities benefitting low- and moderate-income persons, the appropriate National Objective is based on the future use of the property.

Please also note that, to qualify as a low/mod income area benefit, the benefits generated by the activity must be available to all of the residents of a specific primarily residential area and at least 51 percent of the residents of that area must be low- or moderate-income persons.

2. Please provide the status of CDBG activity #7910: Cox Building pre-development studies, which was funded on 2/25/2008. Also, please review activity #11538 Vacant Lot Fencing at 30 Church Street and ensure that matrix code 5 and a low/mod income area benefit national objective is accurate.
3. Please review the PR93 IDIS report “ESG Risk Status Recipient Report” and ensure that ESG funds are committed and drawn.
4. Please continue to monitor IDIS reports at least quarterly, to ensure that activities that are completed, but not yet closed, and activities that have been in final draw status for more than 120 days are reviewed and appropriate action is taken.
5. HOME Program Income (PI): Page 12 of the City’s 2015 CAPER indicates there was a \$55,507 HOME program income balance at the beginning of PY 2015, \$185,030 in HOME receipts and \$230,229 in HOME draws, leaving a \$10,308 balance at the end of the Program Year. The PY 2015 IDIS PR09 report Program Income Detail by Fiscal Year and Program indicates no HOME PI balance at the beginning of PY 2015, \$230,229.26 in HOME receipts and \$230,229.26 in HOME draws. Please reconcile this information.

This report was prepared by

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