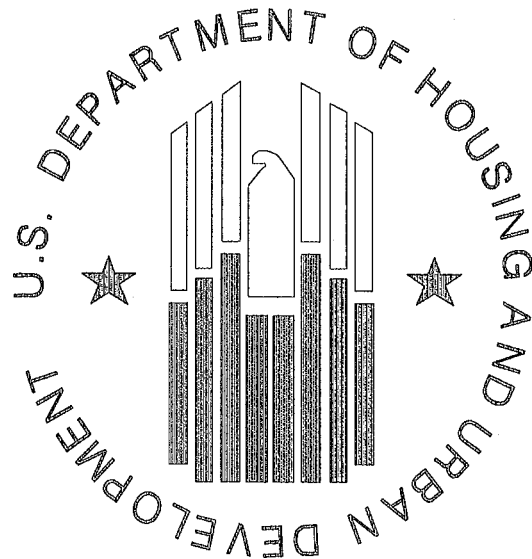


**U.S. Department of Housing & Urban Development
Buffalo, New York Office**



Annual Community Assessment Report

for

City of Rochester, New York

**Covering the Program Year of
July 1, 2016 – June 30, 2017**

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, 2016 – June 30, 2017
Second Year of a 5-Year Consolidated Plan

Programs Administered & 2016 Funding Amounts:

CDBG	\$ 7,692,971
HOME	\$ 1,892,789
ESG	\$ 701,419
HOPWA	\$ 689,637

2016 Total Entitlement Funding Awarded: \$10,976,816

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 2016 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 2016 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 30, 2017. The City's 2016 CAPER was received on September 26, 2017. 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 2016 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 – The most recent HUD monitoring is described below:

Program Reviewed: Emergency Solutions Grant (ESG)
Date of Monitoring: May16, 2017 – May 17, 2017
Monitoring Status: One finding and one concern

Subrecipient Oversight & Monitoring – The City reports that in PY 2016 it conducted on-site monitoring visits for all of its CDBG, ESG, HOME and HOPWA-funded programs. When conducting the FY2017 onsite monitoring of the City's ESG program, HUD reviewers saw evidence verifying the City had recently monitored its ESG program.

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 June 30, 2016 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, 2017.

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 CDBG Financial Summary Report, during Program Year 2016 the City spent 80.72 percent of its non-administrative funds on activities that principally benefitted low-moderate income persons. Activities reported appear to meet a national objective.

PY 2016 Summary of Use of CDBG funds:

	Activities Completed	2016 \$ Disbursed	% of total Disbursed
Acquisition	127 activities	\$ 1,258,754.69	50.72%
Economic Development	57 activities	\$ 313,992.76	12.65%
Housing	159 activities	\$ 619,255.64	24.95%
Public Facilities & Improvements	10 activities	\$ 130,597.30	5.26%
Public Services	19 activities	\$ 159,282.04	6.42%
TOTAL	372 activities	\$ 2,481,882.43	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 second 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) 2016, the City expended 11.24 percent of its overall spending on planning and administration. This is within the 20 percent limit.

Program Income: The City receipted and drew \$941,802.60 in CDBG program income in PY 2016, 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 conducted on May 1, 2017. As of November 16, 2017, the balance of CDBG funds on Rochester’s line of credit was \$7,925,762.67, which is 1.06 times the 2017 CDBG grant award of \$7,487,072. Note this calculation is skewed. Because the City’s FY17 entitlement grant agreements had not yet been executed, the City’s 2017 CDBG award was not included in the 1.06 ratio. Historically the City meets its annual CDBG timeliness test; however, the lateness of the receipt of its FY 2017 CDBG funding will make it more difficult for the City to meet its May 1, 2018 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: During PY 2016 the City obligated \$1,080,591 (12.79 percent) of its PY 2016 funds and program income on twenty-five public services activities. Public services activities included youth services; promotion of local businesses; foreclosure prevention activities; senior services, including aging in place; tenant/landlord services; job training; and distribution of smoke detectors and batteries. Activities receiving the most funding included the youth programs Summer of Opportunity Program (SOOP) and the S.T.E.A.M. Engine; and the Housing Council's Foreclosure Prevention Program and Legal Aid Society's Tenant Education Program.

Other Issues / Recommendations / Highlights

Highlights noted during the CAPER reviews include:

- Rehabilitated 137 single-family units and 11 multi-family units
- Provided direct financial assistance to 55 businesses
- Funded 25 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 9.95 percent of its PY 2016 HOME grant (\$188,249,00) for administrative activities, leaving a balance of \$1,029,90 to commit. 100% of the funds committed have been disbursed.

Program Income (PI): The PY 2016 IDIS PR09 Program Income Details by Fiscal Year and Program indicates no HOME PI balance at the beginning of PY 2016, \$182,348.31 in HOME receipts and \$182,348.31 in HOME draws during the program year. Page 12 of the City's 2016 CAPER indicates there was a \$10,308 HOME program income balance at the beginning of PY 2016, \$192,283 in HOME receipts and \$182,349 in HOME draws, leaving a \$20,242 balance at the end of the Program Year. This information needs to be reconciled.

Deadlines for Commitments/Reservations/Disbursements: The City met its September 30, 2017 2014 CHDO commitment and its August 31, 2017 2012 disbursement deadlines, as well as its August 31, 2016 2014 CHDO commitments, 2014 CHDO disbursements 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 2016, 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 2016, the City received \$1,892,789 in HOME funds; the City is required to reserve 15 percent (\$283,918.35) to a CHDO(s). The City has subgranted and committed \$102,669.27 2016 HOME funds to a CHDO(s) and needs to commit and reserve an additional \$181,249.08 to meet CHDO commitment requirements.

Other Issues/Recommendations/Highlights

Highlights noted during the CAPER review include:

- Provided homebuyer assistance to 113 households
- 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 did report its 2016 ESG accomplishments using eCart.

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, homeless prevention, rapid rehousing and administration. In PY 2016 the City spent \$394,949.61 funding homeless activities at the following eleven agencies: Coordinated Care Services, Inc.; Dimitri House; Providence Housing Development; Rochester Area Interfaith Hospitality Network; Saving Grace Ministries of Rochester; Spiritus Christi Prison Outreach; The Center for Youth; The Salvation Army; Veterans Outreach Center; Volunteers of America of Western New York; 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 2,899 persons in PY 2016.

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

60 percent cap on Emergency Shelter and Street Outreach: The total amount committed to shelter and street outreach cannot exceed the greater of 60% of the current year ESG grant, or the total committed to shelter and street outreach in PY 2010. In PY 2016 the City committed a total of \$264,162.57 to shelter and street outreach; in 2010 the City committed a total of \$342,135.00 to shelter and street outreach.

Commitments and Disbursements: The City is committing funds and making disbursements for activities and administration, although some 2012, 2013, 2014 and 2015 funds are not fully drawn. All the City's 2012 ESG funds have been committed; however, \$4,487.00 remains on the line of credit. The City has \$141.87 in 2013 funds; \$56,506.00 in 2014 funds; and \$78,182.69 in 2015 funds on the line of credit.

Also note that the City has \$.43 in 2016 ESG funds available to commit. The City has \$253,863.39 in 2016 ESG funds available to draw, prior to the August 3, 2018 expenditure 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 \$593,924.63 funding the following agencies:

Trillium Health (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 170 households. The actual number served was 131.

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 127 demolition activities in PY 2016. 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.

To qualify as a low/mod income area benefit, the benefits generated by the activity must be available to all 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 review the PR93 ESG Risk Status Recipient Report and ensure that older ESG funds still on the line of credit, including 2012, 2013 2014, and 2015 funds, are fully drawn. As of November 17, 2017, \$4,487.00 in 2012 ESG funds remained on the line of credit. The City also had \$141.87 in 2013 funds; \$56,506.00 in 2014 funds; and \$78,182.69 in 2015 funds on the line of credit.
3. 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.
4. HOME Program Income (PI): Page 12 of the City's 2016 CAPER indicates there was a \$10,308 HOME program income balance at the beginning of PY 2016, \$192,283 in HOME receipts and \$182,349 in HOME draws, leaving a \$20,242 balance at the end of the Program Year. The PY 2016 IDIS PR09 Program Income Detail by Fiscal Year and Program indicates no HOME PI balance at the beginning of PY 2016, \$182,348.31 in HOME receipts and \$182,348.31 in HOME draws. Please reconcile this information.

This report was prepared by

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HUD is providing you the opportunity to review this assessment and comment. Based on the information available at the time of this review, HUD has determined that the City of Rochester has the continuing capacity to carry out the HUD programs identified in this report.

The City has the opportunity to respond within 30 days concerning the information contained in this report. If you have any questions or would like to discuss the Assessment Report, please contact Linda Moore, Senior CPD Representative. She can be reached at 716-551-5755 extension 5830. If you disagree with this assessment, please respond in writing to William T. O'Connell, Director of Community Planning & Development – HUD, 465 Main Street, Buffalo, New York 14203. Your response should identify any areas of disagreement and corrections or any additional comments you would like HUD to consider.