



U.S. Department of Housing and Urban Development

Philadelphia Regional Office
The Strawbridge's Building
801 Market Street
Philadelphia, Pennsylvania 19107-3380

March 29, 2023

Via email: tsmith@norcopa.gov

Tina Smith, Director
Department of Community and Economic Development
2801 Emrick Blvd.
1st Floor
Bethlehem, PA 18020

Dear Ms. Smith:

RE: Program Year Review Letter
County of Northampton
Program Year 2021 (October 1, 2021 through September 30, 2022)

We want to thank you and your staff for all you are doing to serve the CPD program needs of your community during these unprecedented times. 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 of the U.S. Department of Housing and Urban Development 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.

The Consolidated Plan regulations at 24 CFR 91.525 require the Department to evaluate and report to the public on a community's overall progress in the management of its program funds, compliance with the Consolidated Plan, the accuracy of performance reports, and the extent to which progress has been achieved toward the statutory goals identified in Section 91.1. This letter serves to apprise you of our assessment of Northampton County's overall progress.

In making our evaluation, we relied primarily upon the county's submission of the Consolidated Annual Performance and Evaluation Report (CAPER) for Program Year 2021. This report summarized accomplishments made with funds provided from the Community Development Block Grant (CDBG), the HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) Programs. This letter is a summary of our review of the county's overall performance.

Under the Part 91 Consolidated Planning regulations, all Annual Action Plans and CAPERs are required to include performance measures as part of annual reporting. The Office of Management and Budget has deemed this information necessary to validate the continued

funding of HUD programs. The county provided performance measures as required by this guidance.

CARES Act Program Accomplishments

Northampton County has received an allocation of \$2,657,318.00 of CDBG and \$1,383,836.32 of ESG CARES Act funds for use preparing for, preventing, and responding to COVID-19. The county has expended \$2,000,853.52 of CDBG-CV and \$1,085,706.05 of ESG-CV CARES Act funds to-date. In Program Year 2021, the funds were spent on the following activities: a countywide network of food banks, health and human services activities, homeless prevention, rapid rehousing, and emergency housing rehabilitation. We appreciate all that the county has done to serve the needs of its community during these difficult times and to adapt to the many operational challenges that COVID-19 has presented.

Annual Program Accomplishments

CDBG Program:

The CDBG timeliness requirement is that a community may have no more than 1.5 times its most recent annual grant remaining in the line of credit 60 days prior to the end of its program year. When the 60-day test was conducted on August 2, 2022 it was calculated that your community had an adjusted for program income balance in its line of credit of 2.23 times its annual grant, which is not in compliance with the 1.5 timeliness standard.

A number of flexibilities, waivers, and alternative requirements were in effect in fiscal years 2020 and 2021 in recognition of the extenuating circumstances under which many local governments were operating due to coronavirus. Included among these was suspension of all corrective actions, sanctions, and information consultations for untimeliness in fiscal years 2020 and 2021. This suspension ended September 30, 2021. HUD advised grantees that this suspension did not eliminate the timely expenditure requirements set forth in 24 CFR 570.902. HUD continued to run expenditure reports and notified grantees of deficiencies when their grant fund balances exceeded the regulatory standard. In a memo dated October 21, 2021, CPD indicated how it would be restarting the corrective action process for untimely expenditures, including a temporary change in process for the application of corrective actions for untimely grantees. Our office noted Northampton County's lack of timely performance as a deficiency in our October 13, 2022 first time deficiency letter. It is important to monitor your CDBG grant spending by running the IDIS PR-56 report on a regular basis. Please work towards coming into compliance with the 1.5 timeliness standard by August 2, 2023.

During the 2021 program year, the county reports that it expended 100 percent of its CDBG funds for activities benefiting low- and moderate-income persons, which meets the primary objective of the Housing and Community Development Act of 1974. In addition, the county spent 4.90 percent of its funds on public service activities, which is below the 15 percent regulatory cap. The county obligated 8.93 percent of its CDBG funds to planning and

administration, which is below the 20 percent regulatory cap and in compliance with the *program year obligation* test at 24 CFR 570.200(g)(2).

The grant-based accounting interim rule at 24 CFR 570.200(g)(1) requires that, for 2015 and subsequent CDBG grants, a grantee may not expend more than 20 percent of any year grant for planning and program administrative costs. As a result, beginning with 2015 CDBG grants, grantees must ensure compliance with this *origin year grant expenditure* test. In review of the county's origin year expenditures, HUD has determined that the county is in compliance with the origin year expenditure test for its 2015 grant. The grant is fully expended and 18.08 percent of the grant was expended for planning and administrative costs. Though not fully expended, currently the county has expended 17.92 percent of its 2016 grant, 13.50 percent of its 2017 grant, 18.12 percent of its 2018 grant, 11.95 percent of its 2019 grant, 13.59 percent of its 2020 grant, and 0.91 percent of its 2021 grant on planning and program administrative costs. The county's final compliance with the 2016, 2017, 2018, 2019, 2020, and 2021 origin year expenditure tests will be assessed once the grants are fully expended.

The county received a CDBG grant of \$2,249,728 for Program Year 2021 and expended \$ 1,321,918.93 of CDBG funds during this period. Resources were devoted to activities in geographic areas consisting primarily of low- and moderate-income residents throughout the county. The types of activities undertaken with these funds included property acquisition and disposition, housing rehabilitation, infrastructure improvements, and activities that benefited homeless persons.

In Program Year 2021, \$263,525 of CDBG funds were spent on housing activities designed to provide decent affordable housing to low- and moderate-income households. Using \$15,878, two owner-occupied housing units were repaired through the homeowner rehabilitation program. The county was able to acquire three housing units for rehabilitation using \$80,420 of CDBG funding. Two properties went through disposition using \$37,029 of CDBG funds. Northampton County and the City of Easton used \$167,226 for code enforcement programs.

Additionally, the county used \$616,083 for public facility improvements (street and sewer system repair and neighborhood facilities improvements). Another \$110,310 was expended to provide public services to low and moderate-income households, and \$94,163 on Section 108 loan repayment costs.

Grantees were required to expend all 2015 CDBG funds by September 30, 2022. The county expended all its 2015 funds in compliance with this requirement. Any unexpended 2016 funds that the county may have available must be expended by September 30, 2023.

HOME and ESG Programs

The county has multiple grant year awards for both HOME and ESG funding that have not been drawn upon through the end of program year 2021. No activities have been set up as yet in the Integrated Disbursement and Information System (IDIS).

The 2020 ESG allocation of \$184,798 has an expenditure deadline of July 23, 2023. The remaining balance to expend is \$184,798.

HUD acknowledges the county's programmatic accomplishments during the program year. Based on our review we have concluded that the county has the capacity to carry out its CPD programs and has met its reporting requirements.

Affirmatively Furthering Fair Housing

The county also included in its CAPER its efforts to affirmatively further fair housing and identify impediments to fair housing. Northampton County formed a fair housing consortium with local jurisdictions during the FY 2019 program year. All the jurisdictions completed their citizen participation requirements and adopted the Analysis of Impediments during FY 2020. The fair housing consortium began collaborating on plans for addressing impediments during the CAPER period.

In addition, the county continued its partnership with North Penn Legal Services to provide Fair Housing education and outreach. Fair Housing activities interacted with a number of different stakeholders from local realtors to municipalities to service providers. The focus was on education and awareness of affirmatively furthering fair housing. We commend you for these efforts.


U.S. Department of Housing and Urban Development program participants are reminded that the legal obligation to affirmatively further fair housing remains in effect under the Fair Housing Act; Title VI of the Civil Rights Act; Section 109 of the Housing and Community Development Act; and other civil rights related authorities. Please be aware that a jurisdiction could be subject to a compliance review to determine whether, as a recipient of HUD funds, it is in compliance with applicable civil rights laws and their implementing regulations if its certification to affirmatively further fair housing is in question. The Office of Fair Housing and Equal Opportunity (FHEO) initiates most compliance reviews based on risk analyses, issues raised during a limited monitoring review, or when a civil rights problem is detected through HUD program monitoring. FHEO is available to provide technical assistance regarding affirmatively furthering fair housing upon your request. Should you have any questions, we encourage you to reach out to Carolyn Punter, FHEO Program Center Director, at Carolyn.K.Punter1@hud.gov.

We ask that you review our assessment of your performance and provide any comments that you may have within 35 days of the date of this letter. Upon receipt, we will evaluate your comments and make any revisions that are deemed appropriate. If you do not have any comments, we request that you formally notify us of that fact within the 35-day timeframe. Where no comments are received within the designated timeframe, our initial letter will serve as our final assessment of the county's performance for this program year. To facilitate and expedite citizen access to our performance letter, we request that you inform the general public and interested citizens' organizations and non-profit entities of its availability. If, for any reason, the county chooses not to do so, please be advised that our Office is obligated to make the letter available to the public. We appreciate your cooperation in this matter.

We look forward to continuing to work with you and members of your staff to accomplish Departmental goals and mutual objectives to develop viable urban communities. We would also be pleased to provide you with any information on resources that may be available to your community. If you need assistance, or if you have any questions concerning the content of this letter please contact Kathleen McCarthy, Community Planning and Development Representative, at (215) 861-7626, or by email, at kathleen.k.mccarthy@hud.gov. Our telephone text (TTY) number for the hearing impaired is (800) 877-8339.

Sincerely,

**DAVID
COLLINS**

 Digitally signed by: DAVID COLLINS
DN: CN = DAVID COLLINS C = US O =
U.S. Government OU = Department of
Housing and Urban Development, Office
of Administration
Date: 2023.03.29 14:05:56 -04'00'

David M. Collins, AICP for
Nadab O. Bynum, Director
Office of Community Planning
and Development