



U.S. Department of Housing and Urban Development

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

June 27, 2023

Via email: [LCollins@bethlehem-pa.gov](mailto:LCollins@bethlehem-pa.gov)

Ms. Laura Collins  
Director of Community & Economic Development  
City of Bethlehem  
10 East Church Street  
Bethlehem, PA 18018-6028

Dear Ms. Collins:

RE: Program Year Review Letter  
City of Bethlehem, PA  
January 1, 2022, through December 31, 2022

We want to thank you and your staff for all you are doing to serve the CPD program needs of your community. 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 following 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 the City of Bethlehem's overall progress.

In making our evaluation, we relied primarily upon the Bethlehem's submission of the Consolidated Annual Performance and Evaluation Report (CAPER) for Fiscal Year 2022. This report summarized accomplishments made with funds provided from the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs. This letter is a summary of our review of Bethlehem'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 city provided performance measures as required by this guidance.

### **CARES Act Program Accomplishments**

The City of Bethlehem has received an allocation of \$1,446,505 of CDBG CARES Act funds for use preparing for, preventing, and responding to COVID-19. The city has expended \$1,195,563.05 of CDBG-CV CARES Act funds to-date. In Program Year 2022, the funds were spent on the following activities: economic development, public services, and general administration.

### **Annual Program Accomplishments**

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 timeliness test was conducted on November 2, 2022, it was calculated that Bethlehem had a balance in its line of credit of .83 times its annual grant, which is following the 1.5 timeliness standard.

During the 2022 program year, Bethlehem reports that it expended 100.00 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, Bethlehem spent 11.48 percent of its funds on public service activities, which is below the 15 percent regulatory cap. Bethlehem also obligated 15.10 percent of its 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 new *origin year grant expenditure* test. In review of the Bethlehem's origin year expenditures, HUD has determined that the Bethlehem is following the origin year expenditure test for its 2018 and 2019 grants — the grants are fully expended, and 19.08 percent of the 2018 grant and 19.88 percent of the 2019 grant was expended for planning and administrative costs. Though not fully expended, currently Bethlehem has expended 20 percent of its 2017 grant, 17.55 percent of its 2020 grant, 11.83 percent of its 2021 grant, and 2.34 percent of the 2022 grant was expended for planning and administrative costs. Bethlehem's final compliance with the 2017, 2020, 2021, and 2022 origin year expenditure tests will be assessed once the grants are fully expended.

Bethlehem received a CDBG grant of \$1,391,666.00 for Program Year 2022. Bethlehem expended \$1,171,152.99 of CDBG funds during the 2022 Program Year. Resources were devoted to activities in geographic areas consisting primarily of low- and moderate-income residents throughout Bethlehem. The types of activities undertaken with these funds included economic development, housing rehabilitation, public facilities and improvements, and administration.

In Program Year 2022, the majority of CDBG funds were spent on public facilities and improvements. The city also expended funds on housing rehabilitation. Furthermore, all funds were expended city-wide that benefitted Bethlehem as a whole.

Additionally, Bethlehem funded public service activities with CDBG grant funds. These activities included providing youth services, transportation services, substance abuse, employment training, and health services.

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

### **HOME Program**

Bethlehem received a HOME grant of \$430,794.00 for Program Year 2022 and expended \$436,951.73 of HOME funds. HOME Investment Partnership Funds were expended on rental rehabilitation, owner-occupied rehabilitation and homebuyer activities, such as down payment assistance and direct developer subsidies.

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

### **Affirmatively Furthering Fair Housing**

Bethlehem also included in its CAPER its efforts to affirmatively furthering fair housing and identify impediments to fair housing. The city continued to fund a local Fair Housing Rights Group to provide education, outreach, and advocacy for fair housing practices. 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

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encourage you to reach out to Carolyn Punter, FHEO Program Center Director, at [Carolyn.K.Punter1@hud.gov](mailto: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 city'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 city 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 Damian Doyle, Senior Community Development Representative, at (215) 861-7674, or by email, at [damian.doyle@hud.gov](mailto:damian.doyle@hud.gov). Our telephone text (TTY) number for the hearing impaired is (800) 877-8339.

Sincerely,  
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BYNUM

Digitally signed by: NADAB BYNUM  
DN: CN = NADAB BYNUM C = US O =  
U.S. Government OU = Department of  
Housing and Urban Development,  
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Nadab O. Bynum  
Director  
Office of Community Planning  
and Development