



**U.S. Department of Housing and Urban Development**

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

June 17, 2024

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

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

Dear Ms. Collins:

RE: Program Year Review Letter  
City of Bethlehem  
Program Year 2023 (January 1, 2022 through December 31, 2023)

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 the City of Bethlehem's overall progress.

In making our evaluation, we relied primarily upon the city's submission of the Consolidated Annual Performance and Evaluation Report (CAPER) for Program Year 2023. This report summarized accomplishments made with funds provided from the Community Development Block Grant (CDBG) program and HOME Investment Partnerships (HOME). This letter is a summary of our review of the city'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 \$1,375,831.57 of CDBG-CV CARES Act funds to date. In Program Year 2023, the city allocated \$98,000.00 of its CDBG-CV (CARES Act) funding to assist an emergency shelter. In addition, the city also funded food access programs utilized by the homeless population. Additionally, the city continues to work closely with the Bethlehem Emergency Shelter, New Bethany, and other service providers to assess options for a permanent shelter and supportive housing for individuals experiencing homelessness.

### **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 November 2, 2023, it was calculated that your community had an adjusted for program income balance in its line of credit of **1.95** 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. Our Office noted the City of Bethlehem lack of timely performance as a deficiency in our January 22, 2024, 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 November 2, 2024.

During the 2023 program year, the city reports that it expended 97.87 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 city spent 7.5 percent of its funds on public service activities, which is below the 15 percent regulatory cap. The city obligated 14.92 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 city's origin year expenditures, HUD has determined that the city is in compliance with the origin year expenditure test for its 2019 grant—the grant is fully expended, and 19.88 percent of the grant was expended for planning and administrative costs. Though not fully expended, currently the city has expended 18.49 percent of its 2020 grant, 20 percent of its 2021 grant, 9.8 percent of its 2022 grant, and 2.47 percent of its 2023 grant on planning and program administrative costs. The city's final compliance with the 2019 origin year expenditure tests will be assessed once the grants are fully expended.

The city received a CDBG grant of \$1,416,201 for Program Year 2023 and expended \$1,497,208.28 of CDBG funds during this period. Resources were devoted to activities in geographic areas consisting primarily of low- and moderate-income residents throughout the city. These activities consisted of providing funding to public service agencies and public assistance to provide high quality service to the residents of Bethlehem. Additionally, CDBG funding was used for housing rehabilitation, public service activities, rental assistance, and planning and administration.

Grantees were required to expend all 2016 CDBG funds by September 30, 2023. The city expended all its 2016 funds in compliance with this requirement.

### HOME Program

The city received a \$455,213 HOME grant for Program Year 2023. HOME Investment Partnership Funds expended on activities such as construction of rental units, housing rehabilitation, and homebuyers' assistance.

Please note that grantees are required to expend all 2016 HOME funds by September 30, 2024. To date, the city has expended all of its 2016 HOME funds in compliance with this requirement.

During the 2023 program year, the city was determined to be in compliance with the three-year expenditure deadline for the expenditure of FY 2020 HOPWA funds.

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

### **Affirmatively Furthering Fair Housing**

The city also included in its CAPER its efforts to affirmatively furthering fair housing and identify impediments to fair housing. The city has continued to assess the need to remove negative effects of public policies. Through the Analysis of Impediments to Fair Housing Choice, the city identified barriers to housing choice and developed strategies to provide fair housing opportunities. Additionally, city staff are active on a housing steering committee to address demographic shifts in housing costs, affordable housing, and location barriers to affordable housing for Bethlehem residents. In 2023, the city released the Opening Doors housing strategy to present options and strategies for addressing the affordable housing shortage in Bethlehem.

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](mailto:Carolyn.K.Punter1@hud.gov).

Please note that 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](mailto:Carolyn.K.Punter1@hud.gov).

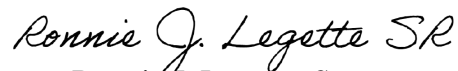
We ask that you review our assessment of your performance and provide any comments that you may have within 35 days of the date of this letter. Upon receipt, we will evaluate your comments and make any revisions that are deemed appropriate. If you do not have any comments, we request that you formally 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

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would also be pleased to provide you with any information on resources that may be available to your community. If you have any questions, please call me at (804) 822-4831. For technical assistance, please contact Mr. 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,

A handwritten signature in black ink that reads "Ronnie J. Legette SR". The signature is written in a cursive, slightly slanted style.

Ronnie J. Legette, Sr.  
Acting Director  
Office of Community Planning  
and Development

