



U.S. Department of Housing and Urban Development
Office of Community Planning and Development
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January 21, 2016

Mr. Todd Montello
Chief Executive Officer
Waterbury Development Corporation
83 Bank Street, 3rd Floor
Waterbury, CT 06702

RECEIVED

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**Waterbury Development
Corporation**

Dear Mr. Montello:

The City of Waterbury received \$1,913,444 in Community Development Block Grant (CDBG) funds, \$657,694 in HOME Investment Partnerships Program (HOME) funds, and \$162,197 in Emergency Solutions Grant (ESG) funds in Federal Fiscal Year 2015. This is HUD's assessment of the use of those funds.

The Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require that grant recipients submit annual performance reports for the programs covered under these Acts. The Acts also require the Secretary of HUD to determine annually that the grant recipient is compliant with these statutes and has the continuing capacity to carry out the programs for which it received funds.

HUD's review includes an analysis of each grantee's planning process; its management of funds; progress in carrying out the strategies and goals expressed in the Consolidated Plan; compliance with statutory and regulatory requirements; accuracy of required performance reports; and evaluation of its accomplishments in meeting key departmental objectives. HUD's Annual Assessment is directed not only toward meeting the mandates of the statutes, but to provide the basis for working together collaboratively to achieve the revitalization goals of Waterbury. HUD congratulates the City on its community's accomplishments during the past year regarding the achievement of Departmental objectives.

Noteworthy Accomplishments

CDBG Program

- One hundred percent of Community Development Block Grant (CDBG) funds were expended on activities benefiting low- and moderate-income persons during the reporting year. Grant Year 2014 is the City's third year of its three-year certification period. Cumulatively, Waterbury expended 96.23% on activities benefiting lower income persons, exceeding the statutory 70% benefit within the chosen certification period.
- Selected activities presented in the 2014 Consolidated Annual Performance and Evaluation Report (CAPER) appear to be eligible and to meet national objectives.
- The City of Waterbury provided \$4,738 of CDBG funds to Catholic Charities. The types of services that the recipient received were comprehensive case management, crisis resolution with a focus on families with children, referrals, benefit eligibility screening, entitlement application assistance, and emergency supplies. Two hundred and sixty-seven low- and moderate-income individuals benefitted from this activity.
- The Center for Human Development received \$28,000 of CDBG funds to provide a Hospitality Center for Homeless Persons. These funds allowed the hiring of a full-time community coordinator and extended the hours of operation to evenings and weekends. Six hundred and sixty-four extremely low individuals benefitted from this activity.
- The Family Services of Greater Waterbury received \$14,946 of CDBG funds to provide a broad range of social services including both diagnostic and treatment of health issues. Four hundred and forty-six extremely low and low to moderate-income individuals benefitted from this activity.

The City of Waterbury leveraged non-CDBG, ESG, and HOME funds to the benefactors of these programs. The public service activities leveraged \$4,449,450 of non-CDBG funds to \$287,106 of CDBG funds. The \$150,032 ESG funds leveraged \$2,902,467 of non-ESG funds; the CDBG Projects leveraged \$766,787 of non-CDBG funds to \$573,819 of CDBG funds. Finally, the HOME Program leveraged \$20,746,029 of non-HOME funds to the \$591,735 of HOME funds that were expended in Waterbury. Congratulations on the City's success with leveraging non-federal program funds and providing the citizens of Waterbury with additional resources for eligible activities.

HOME Program

The City continues to provide affordable housing opportunities with its HOME Program. The HOME funds were used to increase the supply of new affordable rental housing with the completion of the three following projects:

- Rehabilitation of a former school into 20 affordable rental units
- Construction of 33 affordable housing units for families

- Rehabilitation of four blighted properties and one demolition to allow five low-income families the opportunity to purchase affordable housing

Per the revised HOME regulation, HUD is requiring on-site inspections of affordable rental housing assisted under the HOME program to determine compliance with housing codes and other regulations. The City has inspected 13 units of which all passed inspection. Due to scheduling issues with a few tenants/homeowners, five units still remain to be inspected. HUD commends the City for its efforts in complying with the new requirements of the HOME Program.

ESG Program

- The City expended \$160,474 of ESG funds for the Homeless Overnight Shelter, Homeless Prevention Activities, and Rapid Re-Housing Activities. These combined programs assisted 1,205 individuals.
- The total match amount expended in grant year 2014 for ESG activities was \$2,986,767 of federal and non-federal sources.

HUD has noted that each subrecipient of ESG funds adopted the Continuum of Care's Housing First Policy. This has resulted in success with families and homeless individuals who have not had long periods of homelessness. HUD commends Waterbury in continuing to fund the Center of Human Development's Hospitality Center, which provides services to chronically homeless individuals.

Financial

- In the CDBG program, the grant recipient must have no more than 1.50 years of unexpended grant funds in its line of credit 60 days before the end of the program year. The City of Waterbury's 60-day balance was equivalent to 1.45 years of grant funds.
- The City of Waterbury stayed within the CDBG Program's statutory caps for public service obligations and planning and administration expenditures at 14.67% and 19.56%, respectively.
- Waterbury completed its Single Audit requirement for the reporting period ending June 30, 2014, with no audit findings reported. Expenditures reported in the CAPER are consistent with data available from the Line of Credit Control System.
- The Integrated Disbursement and Information System (IDIS), Financial Summary Report (PR26) included with the CAPER, Part ii Line 16, for the Unexpended Balance shows that the City included a reconciliation line. As a result, there was no unreconciled difference.
- The Federal Financial Report (SF-425) was submitted on October 8, 2015, for the 3rd quarter of 2015.

Area of Concern

The IDIS report, PR02 shows that the City of Waterbury has 16 funded projects from Grant Years 1994 through 2015, with funds totally drawn through the program year. Please take the necessary actions to change the status from “Open” to “Completed”. The following activities should be examined:

<u>Year</u>	<u>Activity</u> <u>#</u> <u>Name</u>	<u>Balance</u>
• (1994)	1 – HOME Committed Funds Adjustment	\$ -0-
• (1994)	3 – Converted ESG Activities	\$ -0-
• (2013)	2303 - Acts 4 Ministry	\$ -0-
• (2014)	2320 – CDBG Administration	\$ -0-
• (2014)	16– Waterbury Senior Shuttle	\$ -0-
• (2014)	2339 –Park Improvements – Hamilton Park	\$ -0-
• (2014)	2340 –Park Improvements – Hopeville Park	\$ -0-
• (2014)	2341 –Park Improvements – Lakewood Park	\$ -0-
• (2014)	2342 –Park Improvements– Martin Luther King Park	\$ -0-
• (2014)	2343 –Police Activity League of Waterbury Boiler Replacement	\$ -0-
• (2014)	2344 –Police Activity League of Waterbury Bleacher Replacement	\$ -0-
• (2014)	2348 –Waterbury Opportunities Industrialization Center-Joseph Jaynes Center Improvements	\$ -0-
• (2014)	2317 –ESG 14 Homeless Prevention	\$ -0-
• (2014)	2318 –ESG 14 Rapid Re-housing	\$ -0-
• (2014)	2319 –ESG 14 Shelter	\$ -0-
• (2015)	2368 – ESG 14 Administration	\$ -0-

The IDIS report PR02 shows that the City of Waterbury has two funded projects from Grant Years 2010, six funded projects from 2013, six funded projects from 2014, and 18 funded projects from 2015 with funds not totally drawn through the program year. In addition, if there are any funds that have not been reprogrammed, please do so now. Please monitor those activities that are still identified as “open.” These activities may influence the City’s ratio at the end of its program year. As soon as these activities are completed, enter the City’s accomplishments, and mark the activity completed. Please ensure that actions are taken (i.e. drawing funds, reprogramming) to prevent them from appearing in future At-Risk Activity Reports.

Public Access

If the City of Waterbury wishes to submit comments on this letter, please do so within 30 days of the date of this letter. HUD will consider any comments submitted, and may revise the content of HUD's letter or attach comments received from the City. If the Department does not hear from the City, HUD will assume that the City concurs and has no objections to this letter. After the 30 days have expired, this letter must be readily available to the public. There are several ways to make it available to the public. The City can assist HUD in this regard by sharing the Department's letter with the media; with a mailing list of interested persons; with members of the City's advisory committee; or with those who attended hearings or meetings. The Department will make this information available to the public upon request.

Conclusion

HUD is rating Connecticut grantees' overall performance in carrying out their programs as either satisfactory or unsatisfactory. This determination is based upon information available to this office and does not reflect a comprehensive evaluation of specific activities. HUD has determined Waterbury's performance to be satisfactory. HUD further deems that WDC and the City of Waterbury have the continuing capacity to administer its programs.

If the City has questions or would like to discuss any of the issues reviewed in this letter, please do not hesitate to contact me or Senior Community Planning and Development Representative Yvonne Candelario-Morgan, at (860) 240-9710.

Sincerely,



Afanna C. Kabel

Director

Community Planning and Development

cc: Honorable Neil M. O'Leary, Mayor of the City of Waterbury
Donald LoRusso, Treasury Manager
Diane Toolan, Housing & Community Planning Director,
Waterbury Development Corporation



WATERBURY

Development Corporation

February 8, 2016

Ms. Alanna C. Kabel, Director
Community Planning and Development
U. S. Department of Housing and Urban Development
Hartford Field Office
20 Church Street, 10th Floor
Hartford, CT 06103-3220

RE: City of Waterbury's CAPER Review CD YR 40

Dear Ms. Kabel:

This letter is in response to your letter to Todd Montello dated January 21, 2016 relative to HUD's assessment of the City of Waterbury's CAPER for CD YR 40 (Federal Fiscal Year 2014). Specifically, this letter provides our comments to you within the thirty-days cited within the letter and contains our response to the issue raised as an Area of Concern regarding the open activities cited.

Thank you for noting the many accomplishments which the City and its non-profit partners achieved during the Program Year which covered the period from October 1, 2014 to September 30, 2015. As noted in the CAPER, the Community Development Block Grant funds provide a wide variety of services and programs that benefit Waterbury's youth, elderly, homeless and low to moderate income residents. These funds are also vital to the physical, public improvements in the City's neighborhoods necessary to ensure their stabilization and revitalization.

With respect to the Area of Concern which contains a list of sixteen activities; two from 1994 prior to IDIS; one from 2013 (Acts 4 Ministry); twelve from 2014; and one from 2015 we will take the necessary actions to change the status from Open to Completed where we can. Please note that the one activity from 2015 #2368 is the new ESG Administration which was just funded as of January 25, 2016. These funds would be covered in next year's CAPER. Activity Number 2303 Acts 4 Ministry is not completed and no funds were drawn in the program year leaving their balance of \$63,785.61. We have not funded the project in IDIS due to the difficulties which this non-profit has had in acquiring a property to house their operations. As previously reported in last year's CAPER, they had originally proposed to buy the facility in which they currently lease space, but that was no longer possible since the owner/landlord of the property had lost the assessment/cleanup funds needed to finalize the transfer to Acts 4 Ministry. This past year saw renewed interest by all parties to making this acquisition a reality. The State delegation is looking for additional cleanup funds and all parties are engaged. We will continue to work with the group due to the importance of their mission and the people they serve.

BUILDING WATERBURY'S FUTURE!

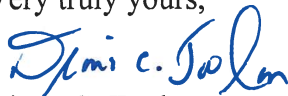
With regard to the Park Improvements at Hamilton Park (#2339), Hopeville Park (#2340) and Martin Luther King Parks (#2342), these projects all had balances in them when the CAPER was submitted. We have since drawn down the CDBG funded portion of the projects and will complete them in IDIS once the City expends its funds and the projects are finished. Please note that the Lakewood Park Project (#2341) has not yet been funded in IDIS and we expect to do so once the contract is approved at the end of the month.

With regard to the two Police Activity League Projects, (#2343) Boiler Replacement, that project has been out to bid twice and is still under review by PAL due to the high bids received. It has not been funded in IDIS. The Bleacher Replacement Project (#2344) was completed, along with the ADA Bathrooms Project and there is still a balance in the project of \$3,682.15 and we will work with PAL on expending these funds.

The Waterbury Opportunities Industrialization Center Improvements Project (#2348) has not yet been funded in IDIS due to the Center's delay in getting their subrecipient agreement executed. They have been working on their plans and specifications for the project and it is anticipated that the project will be ready for bid by the end of the month. The allocation for the project of \$17,500 will be entered once they are ready to sign a contract with the vendor.

Your letter and this response letter shall be made available to the members of the Citizens Advisory Committee (CAC) and placed on the WDC's website. Thank you for your assistance to the City of Waterbury's Community Development Block Grant Program.

Very truly yours,



Diane C. Toolan

Housing and Community Planning Director

CC: Mayor Neil M. O'Leary
Todd M. Montello, CEO, WDC
Don LoRusso, Treasury Manager