



U.S. Department of Housing and Urban Development  
Buffalo Office  
465 Main Street  
Buffalo, New York 14203-1780  
(716) 551-5755

FEB 26 2016

Mr. Brendan Mehaffy  
Executive Director, Mayor's  
Office of Strategic Planning  
920 City Hall  
65 Niagara Square  
Buffalo, NY 14202-3309

Dear Mr. Mehaffy:

SUBJECT: 2014 Annual Community Assessment  
Community Development Block Grant Program (CDBG), Home Investment  
Partnerships Program (HOME), Emergency Solutions Grant Program (ESG), and  
Housing Opportunities for Persons with AIDS Program (HOPWA)

Enclosed please find HUD's Annual Community Assessment (ACA) for the City of Buffalo, New York. While continuing efforts are taken into consideration, this assessment was based primarily on the 2014 program year, which covered the period of October 1, 2014 to September 30, 2015.

Please note that we are requesting that minor corrections and/or additional information be entered in the CAPER via the IDIS eConPlanning Suite. Due to continuing problems with carrying out ESG program activities in a timely manner, we are also requesting additional information regarding ESG timeliness problems. Please submit the additional information and IDIS corrections within 30 days of the date of this report.

We offer you the opportunity to respond within 30 days with any comments or updated information that you wish to bring to our attention. If no response is received, this report is final and will be considered the City's Program Year Review Letter as required by HUD regulation. Consistent with the Consolidated Plan regulations, the Program Year Review Letter should be made available to the public through your established citizen participation process. HUD will also make it available to citizens upon request.

If you have any questions about this matter, please contact Cheryl Sullivan, Senior CPD Representative, at 716-551-5755, extension 5808.

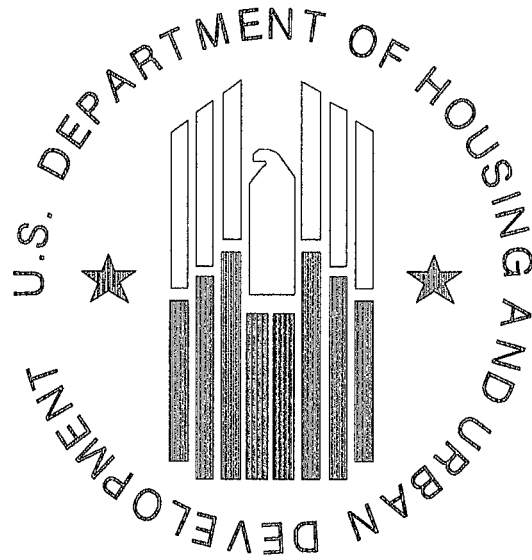
Sincerely,

A handwritten signature in black ink, appearing to read "William T. O'Connell".

William T. O'Connell  
Director  
Community Planning and  
Development Division

Enclosure

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



**Annual Community Assessment Report**

For

**Buffalo, New York**

Program Year Period: October 1, 2014-September 30, 2015  
Consolidated Plan Period: May 1, 2013-September 30, 2018

## **Introduction**

As a recipient of grant funds provided by the Department of Housing and Urban Development, each jurisdiction that has an approved consolidated plan shall annually review and report to HUD on the progress it has made in carrying out its strategic plan and its action plan. The performance report is submitted to HUD in the form of the Consolidated Annual Performance and Evaluation Report (CAPER).

HUD has the responsibility to review the CAPER report and the performance for each jurisdiction on an annual basis. In conducting performance reviews, HUD will primarily rely on information obtained from the recipient's performance report, records, maintained, findings from monitoring, grantee and subrecipient audits, audits and surveys conducted by the Inspector General and financial data regarding the amount of funds remaining in the line of credit plus program income. HUD may also consider relevant information pertaining to a recipient's performance gained from other sources, including litigation, citizen comments, and other information provided by or concerning the recipient. A recipient's failure to maintain records in the prescribed manner may result in a finding that the recipient has failed to meet the applicable requirement to which the records pertains. Such information, along with grantee input, is considered in HUD's annual assessment in order to make a determination that a grantee has the continuing capacity to administer HUD programs.

In the assessment of your community's performance, this report is prepared to provide feedback on your community's performance in the delivery of HUD's Community Development Programs. This report is presented in three sections. Section I provides a general summary related to your planning and performance reporting; Section II provides a general overview related to specific program progress and performance; and Section III provides additional information regarding compliance with cross-cutting requirements.

### **Section I – Planning and Reporting**

2014 Programs and Funding Amounts:	CDBG	\$13,003,257
	HOME	\$ 2,711,001
	ESG	\$ 1,090,546
	HOPWA	\$ 549,709

#### **Compliance with Consolidated Plan and 2014 Annual Action Plan**

It was determined that the City followed its HUD-approved Consolidated Plan and Annual Action Plan during the 2014 program year, consistent with the City's stated goals, objectives and priority needs for each program funded. These goals, objectives and priority needs are outlined in the Strategic Plan covering the period May 1, 2013 – September 30, 2018, and focus on the following themes:

### Housing

- Decent, safe, and affordable housing for low and moderate-income residents, especially renter households, special needs populations, and the homeless.
- Rehabilitation of the City's aging and deteriorating housing stock, including weatherization, energy efficiency improvements, lead-based paint hazard control, and accessibility improvements.
- Construction of new housing, especially rental units.

### Community Development

- Demolition of vacant, dilapidated structures.
- Improvements to community centers, parks, and recreation facilities.
- Improvements to streets and sidewalks.
- Improvements to commercial corridors.

### Economic Development

- Creating a workforce with skills that match the needs of businesses.
- Improving transportation links between jobs and workers, especially low- and moderate-income residents.
- Retaining/expanding/attracting businesses to create jobs and reduce poverty.

### Public Services

- Support human service providers to address the housing and supportive service needs of low- and moderate-income residents, especially special needs populations.

The pace of program progress and expenditures has accelerated, as new processes are more fully implemented across the City departments responsible for program implementation, from the Mayor's Office of Strategic Planning, to the Department of Administration, Finance, Policy, and Urban Affairs, the Department of Community Services and Recreational Programming, and the Department of Audit and Control.

Attached to this report is a table comparing goals established in the 2014 Annual Action Plan with actual accomplishments for program year 2014, as reported by the City in IDIS and in the 2014 CAPER. Note: Accomplishment data in the table summarizes data provided in multiple IDIS reports, and focuses on activities reported as complete, as opposed to those that were still underway at the close of the program year.

Although the 2014 CAPER was well-written and presented in a format that made the information more accessible to interested citizens, we are requesting the following corrections and/or additional information be made to the CAPER module in the eConPlanning Suite section of IDIS:

- On screen CR-20, the figures for affordable housing performance should be revised to exclude housing units that did not qualify as “affordable housing” under the definitions used in the HOME program. It appears that the current data in CR-20 includes housing units that received limited rehabilitation under the CDBG-funded emergency and weatherization programs, and were not necessarily brought up to standard.
- On screen CR-50, HOME On-Site Inspections, the narrative needs to include a complete list of rental properties that were still in the affordability period during the 2014 program year, in addition to providing information on the properties that were monitored.

## **Section II – Grant Program Progress and Performance**

### **Community Development Block Grant (CDBG)**

#### **Summary of Performance Indicators and Accomplishments**

*Activities:* Program activities for the reporting period were adequately described in the CAPER, and CDBG funds appear to have been spent on activities that were eligible under program rules. The following highlights CDBG activities and accomplishments that were completed during the program year:

**Housing:** \$2,653,087 was spent during the program year to improve owner-occupied housing, through activities that included emergency rehabilitation, energy efficiency improvements, and lead paint abatement. The City completed rehabilitation of 474 housing units with CDBG funds during the reporting period, including projects initiated in a prior program year, and rehabilitation of another 76 housing units was initiated during the program year. The City also provided downpayment and closing cost assistance to 28 homebuyers using \$137,661 (of which \$57,661 was expended during the current program year).

**Public Services:** The City expended \$1,702,137 during the program year for a variety of public service activities including senior and youth services, fair housing counseling, employment training, substance abuse, and child care services. A total of 70,202 City residents received benefits through 102 public service programs.

**Public Facilities:** The City spent \$4,942,737 on 63 separate public facilities and improvements projects, such as neighborhood centers and park and recreational facility improvements.

Economic Development: \$203,649 was spent during the program year for direct assistance to for-profit entities, primarily in the form of technical assistance and management of the City's loan portfolio. Another \$1,375,592 was utilized for Section 108 loan program repayments.

Clearance and Demolition: \$1,689,837 was spent during the program year for the demolition of 159 dilapidated and abandoned housing units.

*National Objective Compliance:* Based on information reported and described in the CAPER, the City's CDBG funded activities overall appear to be eligible and do meet a CDBG national objective, consistent with the criteria outlined in CDBG regulations.

*Program Benefit:* CDBG regulations also require that 70 percent of expenditures during a grantee's certification period be for activities meeting the national objective of primarily benefiting low/moderate income persons. As permitted under CDBG regulations, the City has selected a three-year certification period, covering program years 2014, 2015, and 2016. The proportion of CDBG expenditures during the 2014 program year, for activities meeting CDBG criteria for principally benefiting low/moderate income persons, was 84.35 percent.

*Planning and Administration:* CDBG expenditures during the program year for planning and administration costs are limited to 20 percent of the current year grant, plus 20 percent of the program income received during the current program year. As stated at 24 CFR 570.200(g), compliance with the cap is determined based on the amount of funds obligated during the program year. The calculation includes total planning/administration expenditures during the program year, adjusted by the net increase or decrease in unliquidated obligations as of the end and the beginning of the program year. During the 2014 program year, \$2,211,165 was spent on planning and administration. This figure is adjusted by subtracting the \$600,227 of unliquidated obligations at the end of the previous year (2013), and adding \$828,830 of unliquidated obligations at the end of the current program year (2014), for a total of \$2,439,768 classified as planning and administration costs. This adjusted figure is 17.14 percent of the 2014 grant amount combined with \$1,235,049 in 2014 program income receipts. Based on reported information, the City has complied with the cap on planning/administration expenditures.

*Public Services:* CDBG expenditures during the program year for public services are limited to 15 percent of the current year grant, plus 15 percent of the program income received during the prior (2013) program year. During the reporting period, the City spent \$1,651,559. When this figure is adjusted by subtracting the \$91,117 of unliquidated obligations at the end of the previous program year, and adding the \$558,528 of unliquidated obligations at the end of this reporting year, the total public services costs subject to the cap are \$2,118,970. This amount is 13.84 percent of the grant plus the prior year program income amount. Based on reported information, the City has complied with the cap on public service activities.

*Program Progress and Timeliness:* The CDBG program requires that, as of 60 days before the end of the program year, the City's unexpended CDBG funds should be no more than 1.5 times the annual grant. As of August 2, 2015 the balance on the CDBG line of credit was 1.44 times the 2014 CDBG amount, so that the City's program is in compliance with this standard for program year 2014.

### Management

During the 2014 program year the City continued the process of fine-tuning policies and procedures that were developed, starting in 2012, as a result of HUD requiring the City treat the Buffalo Urban Renewal Agency (BURA) as a subrecipient, rather than as a component of local government. This represented a major change, given that BURA had functioned as an arm of the City since the start of the CDBG program in 1976. BURA's change in status triggered changes and expanded roles in program policies and procedures within several City departments, particularly the Department of Audit and Control, the Department of Administration, Finance, Policy & Urban Affairs, and the Department of Community Services. The City has submitted updated policies and procedures that reflect the improvements recommended by HUD and HUD's technical assistance contractors, and HUD will continue to be available to assist the City in solidifying the improvements in program management.

### HUD Monitoring Results

During the City's 2014 program year, HUD monitored the City's CDBG program. The monitoring report, issued September 4, 2015, did not contain any findings, but did include four concerns that related to management of CDBG-funded activities: rehabilitation of owner-occupied structures with more than two units; documentation of environmental review process; documentation of bid comparisons; and a vacancy in a critical staff position. Confirmation has been received that the City is incorporating recommendations outlined in the concerns.

### Recommendations for Improvement

The only recommendation at this time is to follow through on concerns outlined in the most recent monitoring report, and to carefully monitor the use of all CDBG funds, including program income, to avoid potential problems with program benefit during the current three-year certification period.

## **HOME Investment Partnerships Program (HOME)**

### Summary of Performance Indicators and Accomplishments

Based on reported information, HOME-funded activities appear to be eligible and otherwise meet program requirements.

*Activities:* Program activities were adequately described for the reporting period. HOME funds were spent on activities that, as described, were eligible under program rules. The following highlights activities and accomplishments that were completed during the program year:

Rentals: the HOME Summary of Accomplishments IDIS report (PR23) shows \$982,405 was disbursed during the program year, and 119 HOME rental units were reported as completed and occupied by the end of the program year.

First-Time Homebuyer: \$14,955 was disbursed during the program year, and 1 unit was reported as completed and occupied during the same period.

*Beneficiary Compliance:* All beneficiaries met the program requirement that household income is at or below 80 percent of area median income (AMI). In addition, 118 rental units completed during the program year (99.16 percent) were initially occupied by households with incomes at or below 60 percent AMI, which exceeds the program requirement that 90 percent of units be occupied by tenants with 60 percent AMI.

*Commitments/Reservations/Disbursements:* The HOME program requires that funds be committed or reserved to a CHDO within two years, and disbursed within five years, based on the date that HUD first awarded the funds to the City. During the 2014 program year, the City continued to meet statutory requirements to commit funds within 24 months of grant agreement issuance, and to reserve at least 15 percent of funds to CHDO's within 24 months. During the program year, the regulatory requirement to disburse HOME funds within five years of grant agreement issuance was not met. However, the City's request for a waiver of this regulatory requirement showed good cause for not meeting the standard, such that a waiver of the regulation was approved by HUD.

### Management

As noted above, under CDBG, during the 2014 program year the City continued the process of fine-tuning policies and procedures that were developed, starting in 2012, as a result of HUD requiring the City treat the Buffalo Urban Renewal Agency (BURA) as a subrecipient, rather than as a component of local government. Because the HOME program has been managed almost entirely by BURA, the transition into a subrecipient role impacted the HOME program as much as it did the CDBG program. Nonetheless, based on information reported to HUD, the City's performance in the 2014 program year is considered to be satisfactory, under the circumstances.

### Recommendations for Improvement

The next deadline for compliance with the HOME five-year disbursement requirement is July 31, 2016. As of the end of the 2014 program year (September 30, 2015), the City's disbursement shortfall was \$6.5 million, so that the City will need to have drawn down at least that amount from the HOME line of credit, between October 1, 2015 and July 31, 2016, in order to meet the next disbursement deadline. Please remember that disbursements out of program income or other funds on hand locally will not count towards the disbursement requirement. We strongly recommend that the City place a priority on moving HOME projects forward: HUD infrequently approves regulatory waivers, and the City should not rely on HUD approval of another waiver request.



## **Emergency Solutions Grant (ESG)**

### Summary of Performance Indicators and Accomplishments

As noted in the CAPER narrative, homelessness prevention services were provided to 1,881 persons, transitional housing and/or emergency shelter was provided to 2,491 persons, street outreach was provided to 597 individuals, and 345 households moved to permanent housing through the rapid re-housing program. These accomplishments were achieved through a network of 14 different providers receiving ESG funds from the City, in cooperation with the Homeless Alliance of Western New York, and with other ESG recipients in the metropolitan area, including Erie County.

#### *Commitments and Disbursements:*

ESG program regulations require that the City obligate (“commit”) 100 percent of the grant award (excluding funds allocated to administration) within 180 days after grant award, and that the City expend 100 percent of the grant within 24 months after grant award. The following summarizes performance in the context of these requirements, as of the end of the 2014 program year:

Fiscal Year 2014 Grant: As of the end of the 2014 program year (September 30, 2015), a total of \$1,006,546 in commitments have been entered into IDIS (i.e., activities “funded”), representing 92.3 percent of the grant; the deadline for committing all grant funds was August 14, 2015. At the end of the program year, \$401,425 (36.81 percent) had been disbursed. The disbursement deadline for this grant is February 17, 2017.

Fiscal Year 2013 Grant: As of the disbursement deadline (July 26, 2015), \$649,534 had been disbursed to the City, representing only 66.85 percent of the \$971,690 grant amount. As of the end of the 2014 program year, a total of \$664,337 in commitments have been entered into IDIS (i.e., activities “funded”), equivalent to 68.37 percent of the grant.

Fiscal Year 2012 Grant: As of the disbursement deadline (February 22, 2015), \$1,134,937 had been disbursed to the City, representing 90.13 percent of the \$1,259,191 grant amount. As of the end of the 2014 program year, a total of \$1,239,721 in commitments have been entered into IDIS (i.e., activities “funded”), equivalent to 98.45 percent of the grant.

Fiscal Year 2011 Grant: All funds have been committed, and all but \$9,387, allocated to program administration, has been disbursed, out of \$1,102,056 in grant funds. The 24-month disbursement deadline was November 16, 2014.

## Management

The City has continued to work in close cooperation with the area Continuum of Care organization (Homeless Alliance of Western New York). The Rapid Rehousing Demonstration Project was successful in shortening the period during which participating households were homeless.

Primary day-to-day administrative responsibilities for the City's ESG program have shifted from BURA to the City's Department of Community Services, with BURA staff working in a more limited role in program administration. As with the other formula entitlement grant programs, the City's ESG program was affected by the reorganization of the City's grant management structure.

## Recommendations for Improvement

HUD and the Federal Government as a whole consider homelessness to be an urgent problem, as exemplified by the inclusion of the word "emergency" in the program's name. The program requirements to obligate and expend funds quickly, as well as effectively, reflect this sense of urgency. Significant delays in distributing available funding to agencies serving homeless and imminently-homeless people are inconsistent with the purposes of the program.

Although the City has been able to report significant accomplishments with respect to the activities carried out with ESG funds during the program year, the directions for the ESG CAPER narratives do not request information related to timely use of ESG funds, and obstacles thereto. As a result, the City's narrative does not address the issue, nor outline possible solutions. Given that timely distribution of the City's ESG funds has not improved over time, HUD is requesting that the City provide a detailed response to this report, outlining the factors that prevented timely distribution of ESG funds awarded to the City, and describing actions that the City has taken and/or will take to remedy the problem(s).

## **Housing Opportunities for Persons with AIDS (HOPWA)**

### Summary of Performance Indicators and Accomplishments

During the program year, HOPWA funds provided housing assistance (rental assistance, short-term rent/mortgage/utility assistance, and permanent housing operating subsidies) to 160 households. Supportive services were provided to 186 households, including 54 receiving supportive services only.

## Management

Evaluating grant balances on the U.S. Treasury line of credit, as of the end of the 2014 program year, compared with the most recent (2014) grant, the balance is equivalent to 1.14 times the grant amount, which is well within the program target of 1.5. Evaluating budget status based on activity balances in each year's program, there are activity balances remaining to be disbursed from the 2009, 2012, and 2013 grant programs. HOPWA recipients are expected to fully expend

grant funds within 3 years of grant award. On a cumulative basis, this requirement has been met. However, there are minor balances remaining for one grant (2009) that was awarded more than three years prior to the end of the 2014 program year.

#### Recommendations for Improvement

The only recommendation is for the City to make a concerted effort to complete prior year activities, particularly open activities remaining from the 2009 HOPWA program.

### **Section III – Cross-Cutting Areas of Review**

#### Financial

The CAPER noted that BURA has converted their accounting system to new software that will enhance their ability to track HUD expenditures and improve internal controls. The financial information provided by the City appears to be complete, accurate, and with a sufficient level of detail to document the overall financial condition of the City's Consolidated Plan programs. Interest earned on CDBG revolving loan fund (RLF) balances has been returned to the U.S. Treasury, as required by CDBG regulations. The City is up to date with respect to the submission of annual Single Audits, and there are no open audit findings.

#### Fair Housing and Equal Opportunity (FHEO)

The review from HUD's Fair Housing and Equal Opportunity Division indicated that performance was satisfactory, with no requests or recommendations for changes in policies and/or procedures.

This report was prepared by: Cheryl Sullivan, Senior CPD Representative  
716-551-5755 extension 5808  
cheryl.c.sullivan@hud.gov

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 at this time, the City of Buffalo has the continuing capacity to carry out 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 Cheryl Sullivan, CPD Representative. Ms. Sullivan can be reached at 716-551-5755 extension 5808. 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.

If no response is received, this report is final and will be considered the City's Program Year Review Letter as required by HUD regulation. Consistent with the Consolidated Plan regulations, the Program Year Review Letter should be made available to the public through the City's established citizen participation process. HUD will also make it available to citizens upon request.

**City of Buffalo**  
**Summary of Consolidated Plan Goals and Achievements/Completions**  
**Program Year 2014**

Goal		Category	Funding Source	Outcome Indicator	Outcome Unit of Measure	Outcome Expected - Strategic Plan	Outcome Expected - Program Year	Outcome Actual - Program Year
Housing Rehabilitation - Emergency repairs	1	Affordable Housing	CDBG	Homeowner Housing Rehabilitated (including rental units)	Household Housing Unit	370	95	474
Housing Rehabilitation - Substantial rehab	2	Affordable Housing	HOME	Rental units rehabilitated and/or constructed	Household Housing Unit	240	55	119
				Homeowner Housing Rehabilitated	Household Housing Unit	20		
Demolition	4	Non-Housing Community Development	CDBG	Buildings Demolished	Buildings	500	70	159
Public Services	5	Non-Housing Community Development	CDBG	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	0	21,210	70,202
Public Facilities &/or Infrastructure	6	Non-Housing Community Development	CDBG	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	Persons Assisted	0	14,668	256,610
Economic Development Assistance	10	Non-Housing Community Development	CDBG	Facade treatment/business building rehabilitation	Business	50		
				Jobs created/retained	Jobs	142	0	10
				Businesses assisted	Businesses Assisted	50	0	1
				Other	Other	2		
Rapid Re-Housing	12	Homeless	ESG	Tenant-based rental assistance / Rapid Rehousing	Households Assisted	350	65	345
Emergency Shelter	13	Homeless	ESG	Homeless Person Overnight Shelter	Persons Assisted	21,050	6,793	2,491
Street Outreach	14	Homeless	ESG	Homeless person overnight shelter &/or Public services	Persons Assisted	940	300	597
Prevention	15	Homeless	ESG	Homelessness Prevention	Persons Assisted	2,500	2,000	1,881
Housing Assistance	16	Non-Homeless Special Needs	HOPWA	Tenant-based rental assistance / Rapid Rehousing /HIV/AIDS Housing Operations	Households Assisted	535	115	160
Housing Placement	17	Non-Homeless Special Needs	HOPWA	Public service activities for Low/Moderate Income Housing Benefit	Households Assisted	215	75	34
Supportive Services	18	Non-Homeless Special Needs	HOPWA	Public service activities for Low/Moderate Income Housing Benefit	Households Assisted	400	115	132