



U.S. Department of Housing and Urban Development

Philadelphia Office
The Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107-3380

FEB 26 2019

Ms. Maria Quigney
HUD Grants Manager
Community and Economic Development
City of Allentown
435 Hamilton Street
Allentown, PA 18101

Dear Ms. Quigney:

**SUBJECT: HOME Investment Partnerships (HOME) Program Funds
Involuntary Termination of IDIS Activity #1608, HADC CHDO Activity
Finding of Non-Compliance re: HOME Commitment Requirements**

On July 31, 2018, the City of Allentown's IDIS Activity #1608, HADC CHDO Activity, was flagged as Involuntarily Terminated in IDIS, reflecting a failure to meet the four (4) year project completion deadline requirement. Upon our request, the City submitted the executed HOME written agreement for the HADC CHDO Activity. In addition, the City also provided a written extension request, as permitted by 24 CFR 92.205(e), which included the reason for the completion delay, a project completion schedule, and proof of financing to complete the project.

As a result of the review of these items, we have concluded that the City was not in full compliance with the HOME Program requirements for IDIS Activity #1608. Construction of the project did not begin within twelve (12) months of the execution of the written agreement, as required by 24 CFR 92.2, "Commitment". In addition, the documentation submitted by the City with the written extension request did not support that adequate financing had been secured specifically for the project, as required by 24 CFR 92.2, "Commitment," or that the project would be completed by July 31, 2019, as outlined at 24 CFR 92.205(e).

In consultation with the City, the activity was cancelled in IDIS on November 21, 2018. Since no HOME funds have been expended on IDIS Activity #1608, no repayment is necessary. The City was advised to cancel their original HOME written agreement with HADC and was provided the option to recommit the HOME funds with a new written agreement once the pre-commitment requirements for the project have been fully satisfied.

In addition, a Finding has been identified that must be addressed to ensure that the City's future HOME commitments comply with the definition of "Commitment" and the project completion deadline requirement of 24 CFR Part 92.

FINDING #1:

Condition: Construction did not begin within twelve (12) months and project completion did not occur within four (4) years of the execution of the written agreement for IDIS Activity #1608, HADC CHDO Activity.

Criteria: 24 CFR 92.2 and 24 CFR 92.205(e)(2)

Cause: Prior to the 2018 HOME monitoring visit, the City did not have a policy or procedure in place for establishing and enforcing a completion schedule.

Effect: The City's premature commitment resulted in the involuntary termination of Activity #1608.

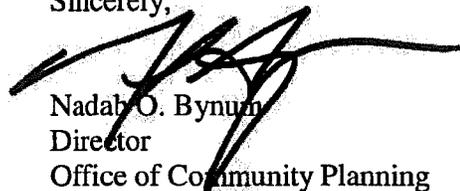
Required Corrective Action: We recognize that the City has subsequently developed a 'HOME Investment Partnership Program Policies and Procedures Manual' in response to Concern #1, as identified in this Office's September 24, 2018 HOME monitoring review letter. The City's Manual includes a policy for establishing and enforcing a completion schedule for HOME projects.

Consequently, in response, the City must provide a certification that, from this point forward, the City will comply with their policy for establishing and enforcing a completion schedule for HOME projects.

In addition, the City is advised to carefully review and ensure compliance with all HOME pre-commitment requirements, as outlined in Notice CPD-15-09, "Requirements for Committing HOME Funds," including the requirement to secure all financing prior to commitment.

We ask that a response to the Finding be provided within thirty (30) days from the date of this letter. If you have any questions or require assistance, please contact Ms. Christine Jones, Senior Community Planning and Development Representative, at (215) 861-7668. This Office may also be reached by text telephone (TTY) at (800) 877-8339.

Sincerely,



Nadah O. Bynum
Director
Office of Community Planning
and Development