



U.S. Department of Housing and Urban Development

**Office of Community Planning and Development
Hartford Field Office
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New England

August 3, 2009

SEP 02 2009

Mr. Lawrence J. Kendzior
Manager
City of Meriden
142 East Main Street
Meriden, CT 06450-8022

Dear Mr. Kendzior:

We are pleased to announce the approval of the City of Meriden's Program Year 35 Annual Action Plan. Your Annual Action Plan describes how the City will use \$922,250 in Community Development Block Grant (CDBG) funds in the program year from July 1, 2009 to June 30, 2010.

Our office received the Action Plan on June 19, 2009. We deem the Annual Action Plan approvable because it is consistent with the purposes of the Cranston-Gonzales National Affordable Housing Act, and 24 CFR Part 91. In accordance with 24 CFR 91.500, the Plan was approved within forty-five days after its receipt.

Enclosed are three copies of the Grant Agreement and Funding Approvals for the CDBG program. ~~Please execute and return two copies.~~ After we receive the signed documents, we will authorize an increase to your Line of Credit in the amount of the FY2009 grant.

The attachment to this letter provides advice concerning specific program requirements for the CDBG program. We call to your attention the section entitled Eligibility of the Code Enforcement Program. Although we do not determine eligibility of each activity and project in the Action Plan as part of the Action Plan review and approval process, we are concerned that the code enforcement program may not be an eligible activity under the CDBG regulations at 24 CFR 570.202(c). We urge the City to carefully review the code enforcement program before expending CDBG funds on this activity.

Also, please note the section in which we review Meriden's actions to affirmatively further fair housing. We provide specific recommendations for additional action that the City may implement to further fair housing and address impediments to fair housing.

We wish you success implementing the City's CDBG program. If you have any questions, please contact me at (860) 240-9770 or Community Planning and Development Representative John Post at (860) 240-9716.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Reisine".

Gary Reisine
Director
Community Planning and Development

Enclosures

cc: Juliet Burdelski

Attachment to Approval of Annual Action Plan
City of Meriden
Fiscal Year 2009 CDBG

Community Development Block Grant Program

Funding Approval

Enclosed is the Funding Approval/Agreement, Form HUD-7082, which constitutes the contract between the Department of Housing and Urban Development and the City of Meriden for the Community Development Block Grant Program. You should note particularly any special conditions included in Item 8 of the Funding Approval. Failure to execute and return the funding approvals within 60 days of the transmittal date may be deemed to constitute rejection of the grant and cause for HUD to determine that the funds are available for reallocation to other grantees.

The special condition in your CDBG Funding Approval concerning the review procedures under Executive Order (E.O.) 12372, Intergovernmental Review of Federal Programs and HUD's implementing regulations at 24 CFR Part 52 restricts the construction of water or sewer facilities until the completion of the review process and receipt of written notification of release of funds from HUD. Since you have not submitted your consolidated plan for review under E.O. 12372, we assume you do not propose to use funds for activities subject to review. However, the condition requires that in the event you amend or otherwise revise your consolidated plan to use funds for the planning or construction of water or sewer facilities, you must receive written release of funds from HUD before obligating or expending funds for such activities.

Eligibility of Code Enforcement Program

It is not the Department's practice to provide a determination on the eligibility of each proposed project or activity as part of the action plan approval process. However, we are sufficiently concerned about the eligibility of the Code Enforcement program that we strongly urge the City of Meriden to carefully review the requirements of the regulations at 24 CFR 570. 202(c) prior to the expenditure of CDBG funds for this activity. Detailed records must be kept on the area designated for CDBG funded code enforcement activities. The area or areas must meet the criteria for a low- and moderate-income area or slum and blighted area benefit. Also, there must be clear and verifiable records that the area is in fact deteriorated or deteriorating and that the code enforcement activities "together with public or private improvements, rehabilitation, or services to be provided may be expected to arrest the decline of the area."

Also to be considered is the requirement of the Housing and Community Development Act of 1974 as amended [(42 U.S.C. 5301(c))] that CDBG funds not be used to substantially replace the amount of local financial support previously provided to

community development activities. The City's Code Enforcement Program description indicates that CDBG funds will pay for 100% of the salary and benefits of 5 code enforcement inspectors. This appears to be the entire housing code enforcement inspection staff employed by the City.

The process the Department must use to develop a monitoring schedule each year includes conducting a risk analysis of every entitlement community. Our concerns about the CDBG funded code enforcement programs in a number of communities including Meriden may mean that their CDBG programs will be monitored sometime in the next Federal Fiscal Year. Expenditures for code enforcement activities that are found to be ineligible may be disallowed with the requirement that the City reimburse its CDBG account from local funds.

Line of Credit and other Financial Considerations

In order to establish a Line of Credit for the Fiscal Year 2009 grant, it will be necessary for you to execute and return two copies of the Funding Approval. Also, if there is a need to establish or change the depository account to which these funds are to be wired, you and your financial institution must complete a Direct Deposit Sign-Up-Form (SF-1199A) and mailed it to this office.

You are reminded that CDBG entitlement funds must be drawn on a first-in-first-out (FIFO) basis. This means that before requesting CDBG entitlement funds from a newly established line-of-credit, you should have first drawn all the funds from previous years' line(s)-of-credit. Please note that the FIFO method only applies to CDBG entitlement program funds.

Environmental Clearance

You are reminded that certain activities are subject to the provisions of 24 CFR Part 58 (Environmental Review Procedures for the Community Development Block Grant Program). Funds for such activities may not be obligated or expended unless HUD has approved the release of funds in writing. A request for the release of funds must be accompanied by an environmental certification.

Grantee Performance Report

The requirements for the CDBG Grantee Performance Report the Federal Fiscal Year 2008 grant will be met by the submission of the Consolidated Annual Performance and Evaluation Report (CAPER) which is due in this office no later than September 28, 2009.

Actions to Affirmatively Further Fair Housing

Concerns:

Fair housing activities were not included in Meriden's 2009-2010 Action Plan but a two-page supplement was forwarded which provided proposed steps to affirmatively further fair housing. We recognize that the City of Meriden will use CDBG and other funding to implement economic development and rehabilitation programs but the Action Plan or supplement does not describe any fair housing objectives and programs or address fair housing impediments. Although the City mentioned plans to affirmatively market to races shown to have disproportionate housing needs, it lacks detail on how these groups will be determined. Also, the City Legal Department will provide staff to receive and respond to calls regarding landlord/tenant concerns, various housing issues and related financial problems. However, there are no detailed actions that will prevent or discourage various types of housing discrimination within the City of Meriden.

The City has also failed to recognize several other common barriers to affordable housing, such as:

- Lending and mortgage availability issues that affect minority homebuyers,
- Neighborhood objections and zoning regulations that limit the availability of housing for low- and moderate-income individuals and families and supportive housing for persons with disabilities,
- The willingness of landlords to rent to and other housing issues that affect families with children,
- Issues affecting a Limited English Proficiency population, and
- Issues affecting the availability of housing.

Recommendations:

The City of Meriden should expand its efforts to affirmatively further fair housing and participate in fair housing activities beyond solely providing information. We anticipate that the City will develop action steps in this regard to be included in the next Action Plan and that a report on the implementation of these steps will be included in the next CAPER. The action steps should include ways to ameliorate the additional impediments to fair housing choice detailed above.