



U.S. Department of Housing and Urban Development

Office of Community Planning and Development
Baltimore Field Office
Bank of America Building, Tower II
100 S. Charles Street, Suite 500
Baltimore, MD 21201

January 23, 2024

Keith Cordrey
Director of Finance
City of Salisbury
125 N. Division Street, Room 103
Salisbury, Maryland 21801

Dear Mr. Cordrey:

SUBJECT: Annual Community Assessment
Salisbury, Maryland
Review Letter for Program Year 2022

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 (HUD) 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 HUD 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.

The Consolidated Annual Performance and Evaluation Report (CAPER) is due 90 days after the end of a grantee's program year. The City of Salisbury's (City) CAPER for Program Year (PY) 2022 was due on September 29, 2023, and was received on September 25, 2023. This letter reports the results of HUD's review of the CAPER and associated data in the Integrated Disbursement and Information System (IDIS) as well as a determination of whether the City has satisfactorily reported on its Consolidated Plan activities and accomplishments.

COMMUNITY DEVELOPMENT BLOCK GRANT

LMI Benefit:

In 2022, according to the CDBG Financial Summary Report (PR26) generated in IDIS on October 1, 2023, the City of Salisbury exceeded the 70 percent minimum program requirement for CDBG expenditures benefiting low- and moderate-income persons (LMI). For PY 2022 The City was in the first of a two-year overall benefit period consisting of PYs 2022 and 2023. According to PR26, the City expended a total of \$224,304.41 in CDBG resources subject to the overall benefit calculation, of which \$224,304.41 had been expended for activities benefiting low/mod persons. The percentage of CDBG funds subject to the overall benefit calculation that was expended for activities counting toward the primary objective was 100 percent. It has been determined that the City is making satisfactory progress in meeting the overall benefit requirement during the compliance period.

Public Service Cap:

According to the CDBG Financial Summary Report (PR26), the City's net public service expenditures were at 0 percent. The City was in compliance with the 15 percent cap on public obligations.

Admin Cap:

The grant-based accounting interim rule implements two distinct compliance tests under §570.200(g) for planning and administration funds. The first compliance test is the program year obligation test and the second compliance test is the origin year expenditure test. Both tests are described below:

- **Program Year Obligation Test:** The amount of CDBG funds obligated during each program year for planning plus administrative costs, as defined in §570.205 and §570.206, respectively, must be limited to no greater than 20 percent of the sum of the grant made for that program year plus the program income received by the recipient and its subrecipients (if any) during that program year. Per the PR26, the City's total net obligation for planning and general administration was \$73,404 which is 20 percent of the total CDBG resources subject to the cap. The City was in compliance with the cap on planning and general administration obligations.
- **Origin Year Expenditure Test:** No more than 20 percent of any origin year grant shall be expended for planning and administrative costs. Program income expenditures for planning and administrative costs are excluded from this calculation. Compliance with this requirement cannot be determined until a grantee has expended all the funding in a particular grant. According to the PR26 report generated from IDIS on January 22, 2024, the City remains at or below the 20 percent cap for each year since 2016 that has a remaining balance of grant funds.

Grant Year	Percent expended on planning and administration
2022	20 percent
2021	17.25 percent

2020	18.07 percent
2019	20 percent
2018	18.74 percent
2017	20 percent
2016	20 percent

Timeliness: HUD evaluates timeliness based on the adjusted ratio of grant fund balances, which include program income (PI) and revolving funds. The City’s CDBG timeliness deadline in PY 2022 was May 2, 2023; the City’s most recent grant as of that date was its Federal Fiscal Year 2022 grant of \$367,023. As of May 2, 2023, the City had \$515,011.71 in CDBG funds in its Line of Credit and \$0 in program income on hand. Its first-test ratio was 1.40:1 and its second-test ratio was 1.40:1. Based on these ratios, it was determined that the City was carrying out its CDBG activities in a timely manner.

Expiring CDBG Funds: In accordance with statutory requirements, undisbursed CDBG fiscal year 2016 grant funds are to be returned to the U.S. Department of Treasury if those funds are not disbursed by September 27, 2023. The City had a balance of zero in FY 2016 CDBG funds as all funds were expended before the September 2023 deadline.

CDBG-CV Program: The City executed its CDBG-CV grant agreement in October 2020. CDBG-CV grantees must expend 100 percent of the funds within six years. According to the PR26 report, the City expended \$299,777.12 of its CDBG-CV allocation. Planning and administration expenditures were at 1.67 percent, which is less than the statutory maximum of 20 percent for these activities.

PERFORMANCE REPORTING AND COMPLIANCE

Based on HUD’s analysis, the City continues to effectively report data through IDIS. This reporting is very important in providing citizens and the Congress with tangible data that support the effectiveness of CPD programs. Please continue to record project descriptions, matrix codes, expenditures, and proposed and actual accomplishments in IDIS on a timely basis.

The information in City’s CAPER narratives, charts, and IDIS generally provides the numbers of individuals and households assisted. In addition to the CAPER narratives, the City used detailed tables to report on progress and accomplishments. HUD’s review of both housing and non-housing projects identified in the report indicates that the highest priority community development needs, identified in the City’s Consolidated Plan, are being addressed.

MONITORING OF SUBRECIPIENT ACTIVITIES

The CAPER described the standards and procedures used by the City to monitor the CDBG programs. Based on the information provided in the CAPER, the City program staff continues to monitor subrecipient programs/activities. Although the CAPER does not provide the results of specific monitoring visits, the procedures followed for reviews of the funded projects

were described in the narrative section of the report. Additionally, there was no specific information detailing how the City monitors the CDBG-CV programs.

HUD PROGRAMMATIC MONITORING

HUD's most recent monitoring occurred in August 2018 for the City of Salisbury's CDBG program. The program monitoring resulted in three Findings and two Concerns. All three Findings were closed on January 16, 2020, and the City has no remaining open monitoring Findings.

FAIR HOUSING AND EQUAL OPPORTUNITY

The primary goal of the department is to reduce housing discrimination, affirmatively further fair housing through CPD programs, and promote diverse, inclusive communities. To that end, we encourage your community to take all measures necessary to ensure compliance with the fair housing requirements associated with federal funding. As a reminder, the City is obligated to affirmatively further fair housing, conduct an Analysis of Impediments to Fair Housing Choice (AI), take appropriate actions to overcome the effects of any identified impediment, and maintain records reflecting the analysis and actions.

The FY 2022 CAPER detailed the actions taken on the local level to further fair housing under the City AI.

HUD's assessment has included reviews of the City's consolidated planning process, management of grant funds, progress in carrying out local policies and program activities, compliance with program requirements, the accuracy of performance reports, and accomplishments in meeting departmental objectives. Based on the information currently available to this office, we have determined that the City overall progress is satisfactory, and that City has the capacity to continue implementing and administering the City's Consolidated Plan program activities in accordance with the applicable statutory requirements. HUD congratulates the City on its accomplishments during the program year.

Additionally, you are reminded of City's responsibility to comply with all applicable cross-cutting laws and related program requirements. Cross-cutting requirements, include (but are not limited to) Financial Management and Procurement, Environmental Review, Federal Labor Standards, Acquisition and Relocation, Fair Housing and Non-Discrimination, and Lead-Based Paint. Failure to comply with these requirements may cause costs to be determined to be ineligible and require the City to reimburse its line of credit with non-federal funds.

If you have any comments regarding the content of this letter, please submit them to this office within 30 days of the date of this letter. If justified, we may revise HUD's report on the City's performance after considering its views. This report must be made readily available to the public no later than 30 days after receipt of HUD's comments.

We look forward to continuing our work with you and members of your staff to accomplish our mutual objectives for viable urban communities. If you or members of your staff

have any questions about this letter, please contact Paroma Nandi, CPD Representative, at (410) 209-6521 or paroma.nandi@hud.gov.

Sincerely,

Ebony Madyun
Director
Community Planning and Development

cc:

Jo Ellen Bynum
Olga Butar