

# U. S. Department of Housing and Urban Development



Community Planning and Development

Region VIII, Denver  
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November 6, 2018

Nicole Crutchfield, Planning Director  
Planning and Development Department  
City of Fargo  
200 3rd Street North  
Fargo, North Dakota 58102

Dear Ms. Crutchfield:

The Office of Community Planning and Development (CPD) is striving to strengthen its working relationship with our State and local government partners to help achieve greater results in meeting the housing and community development needs of our low- and moderate-income customers. One of our important responsibilities in this ongoing process is the periodic assessment of your accomplishments and performance in the administration of funds provided by CPD and in meeting key program and Departmental objectives, as mandated by the statutes governing these programs.

This review examines information provided by the City of Fargo for its 2017 program year. In conducting this assessment, we examined your activities for consistency with the priorities and objectives outlined in the Consolidated Plan and Annual Action Plan. We used the information contained in the Consolidated Annual Performance and Evaluation Report (CAPER), the Line of Credit Control System (LOCCS) and the Integrated Disbursement Information System (IDIS), as well as any monitoring reviews conducted during the course of the program year.

Our assessment report that is enclosed covers the following areas:

- Meeting the statutory purposes of the programs
- Consistency with strategies and goals in the Consolidated Plan and Annual Action Plan
- Fair Housing and Equal Opportunity
- Timeliness
- Match for HOME
- Caps on Obligations – CDBG and HOME
- IDIS and eCon Planning Suite

Based upon our analysis and examination of the data available to us, we have determined that Fargo's overall progress has been satisfactory during the most recent program year. The City of Fargo appears to be administering its programs in a manner consistent with the applicable regulatory requirements. During the period of May 1, 2017 through April 30, 2018, Fargo has carried out its program as described in its Consolidated Plan and has the continuing capacity to carry out its approved program in a timely manner. These conclusions on your overall program

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performance are based solely upon the information available to this office and do not constitute a comprehensive evaluation or approval of specific activities.

You have the opportunity to provide us with your review and comment on the draft Annual Community Assessment. Please provide any review and comment within 30 days of the date of this letter. We may revise the Assessment after considering your views. If we do not receive any response by the end of the 30-day period, the draft Annual Community Assessment will become final without further notice.

The final Annual Community Assessment must be made readily available to the public. You can assist us in this regard by sharing the final Annual Community Assessment with the media, with a mailing list of interested persons, with members of your advisory committee, or with those who attended hearings or meetings. You must also provide a copy of the final Annual Community Assessment to your independent public auditor. HUD will make the final Annual Community Assessment available to the public upon request and may provide copies to interested citizens and groups.

If you have any questions, please do not hesitate to contact Mrs. Elizabeth Clark, Community Planning and Development Representative, at 303-672-5067 or via email at [elizabeth.clark@hud.gov](mailto:elizabeth.clark@hud.gov).

Sincerely,



for

Aaron B. Gagné  
Regional Director

Enclosure

## ANNUAL COMMUNITY ASSESSMENT

**JURISDICTION** – Fargo, North Dakota

**PROGRAM YEAR START** – May 1

**PERIOD COVERED BY ASSESSMENT** – May 1, 2017 - April 30, 2018

The Department of Housing and Urban Development (HUD) is required to conduct an annual review of performance by grant recipients according to the provisions of the Housing and Community Development Act and the National Affordable Housing Act. We must determine if each recipient is in compliance with the applicable statutes and has the continuing capacity to implement and administer the programs for which assistance is received. This assessment reports on the results of our review of the 2017 program year Consolidated Annual Performance and Evaluation Report (CAPER), covering the third year of Fargo's five-year Consolidated Plan.

### Part I. Summary of Consolidated Plan/Action Plan Review and Assessment

Fargo is meeting the primary objective of the Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME). The Consolidated Plan provided for the five goals of affordable housing, neighborhoods, poverty reduction, homelessness, and planning/admin/fair housing. Projects funded in 2017 are consistent with strategies and goals in the Consolidated Plan and Annual Action Plan.

As demonstrated in the below table, Fargo has met most of their proposed project goals. In addition, a few brick and mortar projects that were not completed during last year's program year, are now completed or underway in Program Year (PY) 2017. This includes the 2016 Golden Ridge Community Center project that was completed and the senior rental housing CHDO project that is underway. The senior rental housing project was delayed while the City applied for Low-Income Housing Tax Credits (LIHTC). The senior rental housing project was finally awarded LIHTC in PY2017 and construction on those units is expected to be complete in the Fall of 2019. 2016 and 2017 CHDO funds are committed to the activity. The table also demonstrates some issues with data entry in the CAPER, which is further discussed in the eCon Planning Suite section below.

Projects	2017 Proposed Accomplishments	2017 Actual Accomplishments	5-Year Proposed Accomplishments	5-Year Percent Complete
Housing Rehabilitation	12 units	14 units	75 units	57%
CHDO Project	1 rental unit constructed	0 rental units constructed	10 rental units constructed	30%
Fraser	7 rental units rehabilitated	6 rental units rehabilitated	0 rental units rehabilitated	0%
Downtown Slum/Blight	2 façade treatments	1 façade treatments	10 façade treatments	110%
Special Assessments	100 persons assisted	78 persons assisted	500 persons assisted	869%

Housing Education	30 persons assisted	38 persons assisted	140 persons assisted	360%
Trust Engagement	10 persons assisted	1195 persons assisted	0 persons assisted	0%
Metro Transportation	20 persons assisted	421 persons assisted		
Snow Removal	10 persons assisted	9 persons assisted		
Job Training & Microloans	8 persons assisted	21 persons assisted		
Fargo Homeless Initiatives	750 persons assisted	678 persons assisted	0	0%
YWCA Cass Clay	1445 persons assisted	1400 persons assisted	0	0%

## Part II. Summary of Grantee Performance

### Community Block Grant Program

CDBG has the following primary objective: the development of viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low- and moderate-income (LMI). Consistent with this primary objective, not less than 70 percent of the aggregate of the Federal assistance shall be used for the support of activities that benefit persons of low- and moderate-income (LMI). According to the reviewer's calculations using the Integrated Disbursement and Information System (IDIS) PR03 report, the City expended 71.8% percent of the CDBG funds on the LMI population in the 2017 program year.

The regulations require that sixty days prior to the end of the grantee's current program year, the amount of entitlement grant funds available but undisbursed by the U.S. Treasury be not more than 1.5 times the entitlement grant amount for the current program year. The City had 1.48 grant years of funds remaining in the Line of Credit at the most recent timeliness test on March 2, 2018. We congratulate the City on being timely and urge you to continue to meet this important measure of performance. A four-month compliance notice for the City's 2019 timeliness test was issued on October 29, 2018. The letter noted a ratio of 2.05 for the City's deadline on March 2, 2019.

The City is limited to a 20 percent cap on obligation of grant funds and current year's program income for administrative and fair housing expenses. Based on HUD's calculation from the PR-03 CDBG Activity Summary Report and PR09 Program Income Detail Report, Fargo obligated \$127,402 in administration and fair housing, or 19.8 percent, which is within the allowable limit. Additionally, no more than 20 percent of any origin year grant can be expended for planning and administration. Per the PR26 Activity Summary Report, Fargo has not exceeded this cap for 2015, 2016, or 2017. Please note the origin year grant expenditure test is tracked annually until all grant funds are expended for the program year. Public service obligations are likewise limited to 15 percent of grant funds and prior year program income. Fargo obligated

\$101,695 or 10 percent of the funding to public service activities which is within the allowed amount.

### **HOME Investment Partnerships Program**

The HOME program requires that not less than 15 percent of such funds are reserved for investment only in housing to be developed, sponsored, or owned by community housing development organizations (CHDO). According to the HOME Compliance Status Report, Fargo's HOME program has met this requirement for its most recently completed test date of July 31, 2018. Fargo has reserved \$100,000, or 28 percent of HOME funds for use by CHDOs, which greatly exceeds the required amount. The next test date is scheduled for July 31, 2019.

Administrative funds are limited to 10 percent of the grant and prior year program income. IDIS will only allow a maximum of 10 percent to be obligated; with \$33,658, or seven percent, obligated for administration per IDIS, Fargo has not exceeded the 10 percent cap. The HOME Match Report and Minority and Women Business Enterprise (MBE/WBE) Report were submitted as part of the CAPER. Match commitments reported were within the most recently completed Federal fiscal year immediately preceding the end of the program year, October 1, 2016 through September 30, 2017. The match reported plus the excess match carried over from the previous year, exceeds the 2016 program year requirement of \$91,316.

The CAPER also indicates that monitorings were conducted in July and August on nine of the ten HOME-assisted projects. On-site inspections of affordable rental housing found all properties to be in compliance with local housing codes and other applicable regulations. Please ensure the final monitoring is completed in compliance with 24 CFR 92.504(d).

### **Integrated Disbursement and Information System (IDIS) and eCon Planning Suite**

Goal outcome indicator and accomplishment data inconsistencies continue to be an issue with Fargo's Annual Action Plans (AAP) and CAPERs. Fargo attached a supplementary table and narrative to the CR-05 screen that assisted the reviewer in analyzing accomplishments. However, the supplementary table does not match the data provided in the CR-05 table, which further highlights some of the other data entry issues. For example, the CR-05 table has '0' as an expected goal for many of its strategic plan goal indicators (the bottom table). Per prior Annual Action Plans and the supplementary table, five-year goals exist for those indicators. In addition, the supplementary table reports 29 homeowner housing units rehabilitated so far during the Con Plan time period. However, Table 2 on the CR-05 screen reports 43 units rehabilitated. The grantee was given additional time to revise the CR-05 table, but inconsistencies and errors still exist. Accurate reporting in IDIS is a requirement of 24 CFR Part 91, 92 & 570. Future Annual Community Assessments will reflect this compliance requirement.

While the 2018 Annual Action Plan was submitted in a timely manner and approved, Fargo did not commit the entirety of its expected resources. \$353,617 in unexpended prior year CDBG funding is yet to be allocated. This office has been in communication with the City's Planning Director on a proposed timeline to allocate the uncommitted funds by October of 2018. As of the date of this report, no amendments have been submitted allocating the available funding. As stated earlier in this report, the City is at risk of being untimely, which is a violation

of 24 CFR Part 570. Allocating these funds is a critical step Fargo maintain compliance with the CDBG program rules.

### **Fair Housing and Equal Opportunity / Public Participation**

A copy of Fargo's CAPER was provided to the Region VIII Office of Fair Housing and Equal Opportunity. FHEO staff conduct an independent review of a grantee's performance to assess its compliance and future risk of violating fair housing and equal opportunity statutes. A copy of that review will be provided directly to Fargo. We encourage you to contact Deborah Manigault, Equal Opportunity Specialist, at [Deborah.G.Manigault@hud.gov](mailto:Deborah.G.Manigault@hud.gov) for further information on that review and technical assistance.

### **Part III. HUD Evaluation and Conclusions**

#### **A. OVERALL EVALUATION**

Overall, the City of Fargo appears to be making strides in providing affordable housing and addressing its community development needs through its 2017 program year activities.

#### **B. CONCLUSIONS AND FINDINGS**

Community Planning and Development, Region VIII, has reviewed available facts and data pertaining to the performance of the City of Fargo for its Consolidated Plan and the formula Community Planning and Development Programs specified in that Plan [Community Development Block Grant, HOME Investment Partnership Act] during the period of May 1, 2017 to April 30, 2018. Based on the overall review record and the information summarized above, CPD makes the following findings:

1. During the period specified above, Fargo has carried out its program substantially as described in its Consolidated Plan as approved.
2. The Consolidated Plan, as implemented, complies substantially with the requirements of applicable laws and regulations.
3. Fargo has the continuing capacity to carry out its approved program in a timely manner.