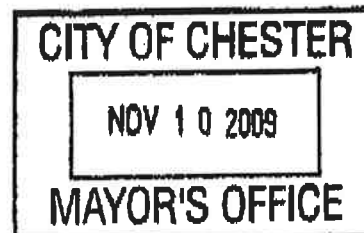




U.S. Department of Housing and Urban Development

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

The Honorable Wendell N. Butler, Jr.
Mayor of Chester
City Hall
1 Fourth Street
Chester, PA 19013-4430



Dear Mayor Butler:

SUBJECT: Annual Community Assessment
City of Chester
July 1, 2008 through June 30, 2009

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 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 this Department 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. This letter serves to apprise you of our assessment of Chester City's overall progress.

In making our evaluation, we relied primarily upon the City's submission of the Consolidated Annual Performance and Evaluation Report (CAPER) for Fiscal Year 2008. This report summarized accomplishments made with funds provided from the Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) Programs. This letter is a summary of our review of the City of Chester's overall performance.

The HUD timeliness requirement is that a community may have no more than 1.5 times their most recent annual grant remaining in the line of credit 60-days prior to the end of their program year. When the 60-day timeliness test was conducted on May 2, 2009, it was calculated that Chester had a balance in its Line-of-Credit of 1.31 times its annual grant. Please note that this did not include any program income that the City may have in its accounts. Thus, this figure may actually be higher.

During the 2008 program year, the City has expended 75.88 percent of its CDBG funds for activities benefiting low/moderate income persons, which meets the Primary Objective of the Housing and Community Development Act of 1974. In addition, the City obligated 12.92 percent of funds on public service activities which is within the 15 percent regulatory cap. Chester City obligated 19.56 percent of its funds on planning and administration, less than the 20 percent regulatory cap.

The City has met the HOME requirements for expenditure by committing all funds to projects within two years and expending funds within five years. The requirement to provide at least 15 percent of HOME funding to Community Housing Development Organizations has also been achieved. We also remind grantees that all HOME projects should be closed within 120 days of their final draw.

Through the FY-2008 reporting year, CDBG funds totaling \$1,139,708 have been expended for relocation as part of the Upper West End Initiative (Wellington Heights) in the Highland Gardens section of the City. This project involves the acquisition of 122 units, relocation of 66 households, and demolition of 118 properties. The area is being redeveloped with 42 homeownership units and open space within the existing Highland Gardens neighborhood as well as an additional eight homeownership units off site at 6th and Reaney Streets.

The City, through the Chester Youthbuild continues to use CDBG funds to enhance economic opportunities for unemployed or underemployed Chester youth ages 16 to 24 by providing new access to employment training services.

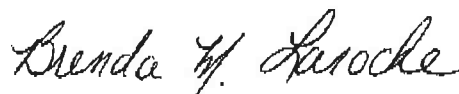
To address some of the high-priority public facilities and infrastructure needs of the City, CDBG funds were allocated to several public facilities and improvements projects.

We congratulate the City on its many accomplishments during this program year. Based on our review we have concluded that the City of Chester has the capacity to carry out its programs and has met its reporting requirements.

We ask that you review our assessment of your performance and provide any comments that you may have within 35 days of the date of this letter. Upon receipt, we will evaluate your comments and make any revisions that are deemed appropriate. If you do not have any comments, we request that you formally notify us of that fact within the 35-day timeframe. Where no comments are received within the designated timeframe, our initial letter will serve as our final assessment of the City's performance for this program year. To facilitate and expedite citizen access to our performance letter, we request that you inform the general public and interested citizens' organizations and non-profit entities of its availability. If, for any reason, the City chooses not to do so, please be advised that our Office is obligated to make the letter available to the public. We appreciate your cooperation in this matter.

We look forward to continuing to work with you and members of your staff to accomplish Departmental goals and mutual objectives to develop viable urban communities. We would also be pleased to provide you with any information on resources that may be available to your community. If you need assistance, or if you have any questions concerning the content of this letter, please contact Mr. Nadab Bynum, Community Planning and Development Director, at (215) 861-7652, or Ms. Fatina Ming, Community Planning and Development Representative at (215) 861-7662. This Office may be reached via text telephone (TTY), by dialing (215) 656-3452.

Sincerely,



Brenda M. Laroche
Deputy Regional Director