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To: Board of County Commissioners

Through: Katherine Smith, Director, Community Resources Department

Prepared By:

Jeremy Fink and Liana Escott, Community Development Administrators and Courtney Stryker, Grants Administrator, Community Resources Department

Presenter: Linda Haley, Housing & Community Development Services Senior Resources Division Manager, Community Resources Department

Subject:

2:30 PM *2022 Annual Action Plan for Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME)

Purpose and Request:

The purpose of this Board Summary Report is to review the funding recommendations for 2022 Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) projects, as recommended by Community Resources - Housing and Community Development Services (HCDS) Staff, as well as to seek direction from the Board of County Commissioners (BOCC) regarding the plan to utilize these funds and submit the 2022 Annual Action Plan to the U.S. Department of Housing and Urban Development

(HUD) for review and approval.

Background and Discussion: The Arapahoe County CDBG program started in 1992 and now operates as an Urban County Consortium, which consists of Deer Trail, Englewood, Glendale, Greenwood Village, Littleton and Sheridan. As an entitlement community, Arapahoe County receives CDBG funds annually from HUD on a formula basis related to our population and demographics, particularly low-to-moderate income residents. In addition to administering the County CDBG Program, Arapahoe County HCDS staff also administers the City of Centennial's CDBG funds. Centennial is designated as a separate entitlement community.

The 2022 CDBG applications were released on September 16, 2021 and due by November 19, 2021. A total of 15 applications were received requesting \$2,262,195 in assistance. The number of applications does not include City of Centennial applications for use of their entitlement funds, or in-house projects proposed by HCDS staff.

Unfortunately, at this time, we do not know the actual 2022 allocation from HUD, but we anticipate receiving an amount similar to the 2021 entitlement allocation. Assuming level funding, we anticipate receiving funding at, or near, \$1,497,438 for both Arapahoe County and Centennial CDBG Entitlements, \$1,140,434 and \$357,004, respectively, as well as \$742,487 for Arapahoe County HOME Entitlement funds (Centennial doesn't receive HOME funds). With respect to the 2022 applications, HCDS Staff reviewed, scored and ranked all the applications based on an evaluation matrix that includes components such as reasonable quantifiable goals, measurable community impact, addressing an unmet need, serving low-to-moderate income residents, cost reasonableness and effectiveness, leveraged funds, organizational resources and efficacy, SMART goals, staff experience, past performance, community support and consistency with County goals and priorities, specifically the Consolidated Plan.

Due to the fact that HUD has not released the 2022 CDBG allocations, HCDS staff has prepared funding recommendations assuming level funding based on the 2021 allocations of \$1,140,434 and \$357,004 for Arapahoe County and City of Centennial CDBG, respectively, as well \$742,487 for Arapahoe County HOME. The balance of uncommitted funds from prior grant years is also factored into the evaluation and recommendations. Each of the participating Urban County jurisdictions receive a portion of the CDBG award as a set-aside allocation. Each jurisdiction is then provided the opportunity to direct their funds to specific projects or allow the county to utilize the set-aside allocations for community-wide projects.

Please see Attachment 1 (Board Summary Report), Table 1. 2022 CDBG Set-Aside Amounts for details on set-aside allocations. Please also reference Attachment 1 (Board Summary Report), Table 2. 2022 CDBG Set-Aside Requests for details on set-aside requests.

The CDBG program has spending limits for Administrative Costs (20%) and Public Service Projects (15%), which cannot be exceeded. The HOME program has a spending limit for Administrative Costs (10%), which cannot be exceeded. Based on these restrictions, only 15% of the total CDBG award from HUD may be spent on Public Service Projects, plus 15% of the prior year program income. Only 20% of the total CDBG award from HUD may be spent on Administrative costs. Based on our agreement with the City of Centennial, a

maximum of 18% of the City of Centennial award may be spent on Administrative costs, as opposed to the 20% deducted from the County CDBG award. Only 10% of the total HOME award from HUD may be spent on Administrative costs. The remaining balance after deducting Administrative costs and Public Service projects is available for Public Facility and Public Infrastructure projects, which includes Housing projects (applies to Centennial and County programs).

Table 3 describes the anticipated funds available for 2022 based on the aforementioned program details, restrictions, and level funding from 2021 to 2022. Please see Attachment 1, Table 3. Entitlement Awards (Funding Categories and Estimates) for details on the anticipated funds available for 2022 based on the aforementioned program details, restrictions and level funding from 2021 to 2022.

For a complete overview of our funding recommendations for County CDBG, Centennial CDBG and County HOME, please see Attachment 1, page 4, Table 4. 2022 CDBG Applications/Projects and HCDS Staff Recommendations for County Funding, Table 5. 2022 CDBG Applications/Projects and HCDS Staff Recommendations for Centennial Funding, and Table 6 2022 HOME Applications/Projects and HCDS Staff Recommendations. Additional information on each project is provided in Attachment 2.

Based on the aforementioned CDBG funding recommendations, Arapahoe County will award up an estimated \$1,009,920 in CDBG funds (includes carryover/prior year resources) and utilize 20% of the grant for administration (estimated at \$228,086.80), and the City of Centennial will award an estimated \$436,852.89 in CDBG funds (includes carryover/prior year resources) and utilize 18% of the grant for administration (estimated at \$64,260.72). In addition, Arapahoe County will award an estimated \$750,000 in HOME funds and utilize 10% of the grant for administration (estimated at \$74,248.70). HCDS staff will present additional HOME project requests, applications, and recommendations to the BOCC after they are received and reviewed. As previously indicated, these amounts are contingent upon the actual HUD allocation. Additional information on the applications/projects recommended for funding, including background information and project descriptions can be found in the Project Summaries attachment.

Background & Discussion - Contingency Plan

Due to the fact that HUD has not announced the 2022 CDBG and HOME Entitlement Allocations at the time of this report, HCDS staff has prepared the following CDBG contingency plans to adjust our funding recommendations in the event of a substantial increase or decrease in funding. Under our contingency plan, we are requesting BOCC approval for HCDS staff discretion to adjust the funding amounts only for the projects identified with an asterisk (*) in the funding recommendations tables provided in Attachment 1, Tables 4-6, and outlined below, including the following:

Three public service projects (PS projects capped at 15% of the total CDBG grant)

- Arapahoe County Housing & Community Development - Emergency Rent/Mortgage Assistance: +/- \$25,565 (initial recommendation) This project will be designated to receive the balance of PS funds not committed to the other recommended projects up to, and including, an amount equal to the balance of funds to reach the 15% public service threshold, which includes program Income.

- Nourish Meals on Wheels: \$50,000 Centennial funding (initial recommendation) This project is anticipated to be fully funded with Centennial CDBG funds for public services. However, a substantial decrease in HUD allocations may necessitate the County adding to Centennial funding so the total funding equals \$50,000.
- Project Angel Heart: \$52,655 Total (Initial recommendation \$3,550 Centennial & \$49,105 County) This project will receive the balance of Centennial CDBG public service funds after fully funding Nourish Meals on Wheels.
- Actual HUD allocations may necessitate a different combination of County and Centennial funds for Nourish Meals on Wheels and Project Angel Heart. However, barring a substantial decrease, these projects will receive total funding of \$50,000 and \$52,655 as indicated above.

Two public facility/public infrastructure/housing projects:

- City of Englewood - Energy Efficient Englewood (E3) \$114,750: +/- CDBG Program Income. This project will be designated to receive the balance of HS/PF/PI funds not committed to the other recommended projects plus up to 85% of program income received during the grant year.
- City of Centennial - Public Facility/Public Infrastructure/Housing: +/- \$383,302.89 Centennial funding. This project will be designated to receive the balance of Centennial HS/PF/PI funds including prior year resources.

Given our estimated level funding for the 2022 CDBG Entitlements Award, combined with our funding recommendations, the balance of uncommitted funds would be held in reserve for future projects that meet the needs of the County, and/or supplemental assistance to existing projects, if necessary and approved by the BOCC.

Please reference Attachment 1, page 4 for a summary of the projects not recommended for CDBG Funding.

The Projects Not Recommended for Funding, Include:

- Brothers Redevelopment Inc. \$200,000 - Home Modification and Repair Program (HMR) and Paint-A-Thon. As of March 2022, Brothers has a balance from their 2019 CDBG award of \$54,742, \$165,000 from 2020 and \$100,000 from 2021. It is our recommendation to skip the 2022 CDBG funding cycle for Brothers to spend down their remaining project balances and resume application requests in 2023.
- GRID Alternatives \$150,000 - Energy for All Program. As of March 2022, GRID has a balance of \$300,000 (\$150,000 from 2020 and 2021). It is our recommendation to skip the 2022 CDBG funding cycle for GRID to spend down their project balances and resume application requests in 2023.

Fiscal Impact: The CDBG and HOME programs are entitlement programs awarded and distributed by the Department of Housing and Urban Development. Therefore, the allocation and use of these funds will not impact Arapahoe County general funds.

Alternatives: The BOCC may recommend an alternative distribution of funds.

Alignment with Strategic Plan:

- ☒ Be fiscally sustainable
- ☒ Provide essential and mandated service
- ☒ Be community focused

Staff Recommendation: HCDS staff is recommending the funding allocations presented above, including the contingency plans to account for any changes required by an increase or decrease in the 2022 CDBG entitlement award.

Concurrence: N/A