



## Board Summary Report

**Date:** February 5, 2020

**To:** Board of County Commissioners

**Through:** Don Klemme, Community Resources Department Director

**From:** Linda Haley, Housing and Community Development Division Manager

**Subject:** Community Development Block Grant Annual Plan

### Direction/Information

The purpose of this Board Summary Report is to review the funding recommendations for 2020 Community Development Block Grant (CDBG) and HOME Investment Partnership (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 2020 Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD) for review and approval.

### Background

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 2020 CDBG applications were released on September 9, 2019 and due by November 22, 2019. A total of 17 applications were received requesting \$1,287,693.00 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 2020 allocation from HUD, but we anticipate receiving an amount similar to the 2019 entitlement allocation. Assuming level funding, we anticipate receiving funding at, or near, \$1,503,155 for both Arapahoe County and Centennial CDBG Entitlements, \$1,150,587 and \$352,568, respectively, as well as \$674,419 for Arapahoe County HOME Entitlement funds (Centennial doesn't receive HOME funds).

With respect to the 2020 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.

**Discussion**

Due to the fact that HUD has not released the 2020 CDBG allocations, HCDS staff has prepared funding recommendations assuming level funding based on the 2019 allocations of \$1,150,587 and \$352,568 for Arapahoe County and City of Centennial CDBG, respectively, as well \$674,419 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. The set aside amounts are as follows:

<b>COMMUNITY</b>	<b>ALLOCATION</b>
Deer Trail	\$10,000
Englewood	\$135,000
Glendale	\$20,000
Greenwood Village	\$10,000
Littleton	\$135,000
Sheridan	\$22,500
<b>TOTAL</b>	<b>\$332,500</b>

The set-aside funding requests from Urban County Consortium Members are as follows:

<b>Community</b>	<b>Project</b>	<b>Amount</b>
Deer Trail	Street & Sidewalk Improvement Project	\$200,000
Englewood	Energy Efficient Englewood (E3)	\$115,000
Englewood	Family Tree House of Hope Staffing	\$20,000
Littleton	South Bannock Street Sidewalk	\$114,750
Littleton	Doctors Care	\$20,250

\* Glendale, Greenwood Village and Sheridan did not submit applications for 2020 or requests for the use of their set-aside allocations.

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).

The following table describes the amount of funds anticipated to be available for 2020 based on the aforementioned program details and restrictions, and our estimate of near level funding from 2019 to 2020, including the estimated amount available for each type of project:

<b>2020 Arapahoe County CDBG Entitlement (Estimate)</b>	<b>\$1,158,469</b>
Arapahoe County Public Service – 15%	\$172,588.05
Arapahoe County Public Service Increase via Program Income (PI)	\$18,303.42
Arapahoe County Public Service Total – (15% + PI)	\$190,891.47
Arapahoe County Public Facilities and Infrastructure	\$747,881.55
Arapahoe County CDBG Carryover – Anticipated	\$105,580.17
Arapahoe County Public Facilities and Infrastructure Total	\$853,461.72
Arapahoe County Administration – 20%	\$230,220.56
<b>Total Arapahoe County CDBG Funds for 2020</b>	<b>\$1,274,573.98</b>
<b>2020 City of Centennial CDBG Entitlement (Estimate)</b>	<b>\$372,105.00</b>
City of Centennial Public Service – 15%	\$52,885.20
City of Centennial Public Facilities and Infrastructure	\$236,220.56
City of Centennial CDBG Carryover – Anticipated	\$446,117.17
City of Centennial Public Facilities and Infrastructure Total	\$682,337.73
City of Centennial Administration – 18%	\$63,462.24
<b>Total Centennial CDBG Funds for 2020</b>	<b>\$818,222.17</b>
<b>2020 Arapahoe County HOME Entitlement (Estimate)</b>	<b>\$674,419</b>
Arapahoe County HOME Carryover – Anticipated	\$719,399
Arapahoe County HOME Projects	\$750,000
Arapahoe County HOME Administration – 10%	\$67,441.90
<b>Total Arapahoe County HOME Funds for 2019</b>	<b>\$1,393,818</b>

The following table outlines the 2020 CDBG Applications/Projects and HCDS Staff recommendations for Arapahoe County funding:

<b>2020 CDBG Applications &amp; Recommendations for Arapahoe County Funds</b>				
<b>Agency</b>	<b>Project</b>	<b>Type</b>	<b>Request</b>	<b>Recommendation</b>
* Arapahoe County Housing & Community Development	Emergency Homeowner Assistance (Rehab)	HS	\$-	Program Income
Brothers Redevelopment Inc.	Home Modification & Repair Program(HMR)	HS	\$150,000	\$150,000
Brothers Redevelopment, Inc.	Paint-A-Thon Program (PAT)	HS	\$15,000	\$15,000
City of Englewood	Energy Efficient Englewood (E3)	HS	\$115,000	\$115,000
GRID Alternatives	Energy for All Program	HS	\$150,000	\$150,000
City of Littleton	South Bannock Street Sidewalk Reconstruction	PI	\$114,750	\$114,750
Family Tree	GOALS Capital Project	PF	\$199,500	\$199,500
TLC Meals on Wheels	Facility Improvements	PF	\$68,580	\$68,580
Town of Deer Trail	Street & Sidewalk Improvement Project	PI	\$200,000	\$0
<b>Total Request and Recommendation (HS/PF/PI)</b>			<b>\$1,012,830</b>	<b>\$812,830</b>
* Arapahoe County Housing & Community Development	Emergency Rent/Mortgage Assistance	PS	\$-	\$56,776
Colorado Youth for Change	Colorado Reading Corps	PS	\$19,500	\$0
Doctors Care	Connection to Health Coverage and Health Care Initiative	PS	\$25,000	\$20,250
Family Promise of Greater Denver	HOME Program Manager	PS	\$15,000	\$15,000
Family Tree, Inc.	House of Hope Staffing	PS	\$30,163	\$20,250
Integrated Family Community Services (IFCS)	Homeless Prevention	PS	\$40,000	\$35,000
* Project Angel Heart	Home-Delivered Meals * Centennial Funding @ \$12,885	PS	\$62,700	\$27,115
Senior Hub	Rural Meals on Wheels	PS	\$16,500	\$16,500
Sunshine Home Share Colorado	Home Share Expansion Project	PS	\$16,000	\$0
* TLC Meals on Wheels	TLC Meals on Wheels * Centennial Funding @ \$40,000	PS	\$50,000	\$0
<b>Total Request and Recommendation (PS)</b>			<b>\$274,863</b>	<b>\$190,891</b>
<b>Total Requests and Recommendations</b>			<b>\$1,287,693</b>	<b>\$1,003,721</b>

Notes: Key Abbreviations: HS = Housing, PF = Public Facility, PI = Public Infrastructure, PS = Public Service

\* Indicates projects included in the Contingency Plan on page 6. These projects may be increased or decreased based on the actual HUD allocation as further described in the Contingency Plan.

The following table outlines the 2020 CDBG Applications Centennial and HCDS Staff are recommending for Centennial funding:

<b>2020 CDBG Applications &amp; Recommendations for City of Centennial Funds</b>				
<b>Agency</b>	<b>Project</b>	<b>Type</b>	<b>Request</b>	<b>Recommendation</b>
City of Centennial	Housing/Public Facility/Public Infrastructure Improvements	HS/PF/PI	\$-	\$446,117.17
<b>Total Request and Recommendation (HS/PF/PI)</b>			<b>\$-</b>	<b>\$446,117.17</b>
* Project Angel Heart	Home-Delivered Meals * County Funding @ \$27,115	PS	\$62,700	\$12,885
* TLC Meals on Wheels	TLC Meals on Wheels	PS	\$40,000	\$40,000
<b>Total Request and Recommendation (PS)</b>			<b>\$102,700</b>	<b>\$52,885</b>
<b>Total Requests and Recommendations</b>			<b>\$102,000</b>	<b>\$499,002.17</b>

Notes: Key Abbreviations: HS = Housing, PF = Public Facility, PI = Public Infrastructure, PS = Public Service

\* Indicates projects included in the Contingency Plan on page 6. These projects may be increased or decreased based on the actual HUD allocation as further described in the Contingency Plan.

City of Centennial will finalize and approve their CDBG Entitlement funds through City Council approval. The Centennial recommendations are presented here in order to receive prior BOCC approval to proceed if approved by City Council. Additional projects outside of these recommendations would be presented to the BOCC for review and approval.

<b>2020 HOME Recommendations for Arapahoe County Funds</b>				
<b>Agency</b>	<b>Project</b>	<b>Type</b>	<b>Request</b>	<b>Recommendation</b>
Affordable Housing Developer - To Be Determined	Multi-Family Development - To Be Determined	HS	\$0	\$750,000
<b>Total Requests and Recommendations</b>			<b>\$0</b>	<b>\$750,000</b>

Notes: Key Abbreviations: HS = Housing, PF = Public Facility, PI = Public Infrastructure, PS = Public Service

Additional HOME applications and requests are anticipated during the 2020 Grant Year and will be brought before the BOCC for review and approval once finalized and reviewed by HCDS staff.

Based on the aforementioned CDBG funding recommendations, Arapahoe County will award up to a total of \$1,003,721 in CDBG funds and utilize 20% of the grant for administration (estimated at \$230,220.56), and the City of Centennial will award up to a total of \$499,002.17 in CDBG funds and utilize 18% of the grant for administration (estimated at \$63,462.24). In addition, Arapahoe County will award up to \$750,000 in HOME funds and utilize 10% of the grant for administration (estimated at \$67,441.90). HCDS staff will present specific 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.

### **Discussion – Contingency Plan**

Due to the fact that HUD has not announced the 2020 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 tables above 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: +/- \$56,776 (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% threshold, which includes program income.
  - Project Angel Heart – Home-Delivered Meals: +/- County \$27,115/Centennial \$12,885 joint funding (initial recommendation)
    - This project will be designated to receive the balance of Centennial PS funds after fully funding the TLC project at \$40,000, which would subsequently adjust the County/Centennial joint funding amounts.
  - TLC Meals on Wheels: \$40,000 Centennial funding (initial recommendation)
    - This project will be fully funded with Centennial PS funds. However, a substantial decrease in HUD allocations may necessitate the County adding to Centennial funding so the total funding equals \$40,000.
  
- Two public facility/public infrastructure/housing projects
  - Arapahoe County Housing & Community Development – Emergency Homeowner Assistance (Rehab) +/- County Program Income (initial recommendation)

- This project will be designated to receive the balance of HS/PF/PI funds not committed to the other recommended projects plus 85% of program income received during the grant year.
- City of Centennial – Public Facility/Public Infrastructure Improvements/Housing: +/- \$446,117.17 Centennial funding (initial recommendation)
  - This project will be designated to receive the balance of Centennial HS/PF/PI funds not committed to other recommended projects including an amount up to the initial recommendation of \$446,117.17.

Given our estimated level funding for the 2020 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.

**The Three Projects Not Recommended for Funding, Include:**

- 1. Colorado Youth for Change – Colorado Reading Corps (\$19,500):** HCDS staff is in support of the Colorado Youth for Change project. However, services to address affordable housing and homeless prevention are a top priority given the housing market and HCDS staff is recommending emergency rental assistance receive a large portion of our public service funds in 2020.
- 2. Sunshine Home Share Colorado – Home Share Expansion Project (\$16,000):** Sunshine Home Share received a \$10,000 and \$16,000 CDBG in 2018 and 2019 respectively. Although, home sharing is a valuable program that provides a creative solution to the affordable housing crisis, matching home providers with home seekers, HCDS staff would prefer to allocate resources to emergency rental assistance. Providing Sunshine Home Share with a CDBG in 2018 helped them apply for, and receive additional grants and foundation funds that are providing additional opportunities for organizational growth and expansion.
- 3. Town of Deer Trail – Street and Sidewalk Improvement Project (\$200,000):** The Town of Deer Trail completed a similar CDBG funded project (\$176,835) in 2017/2018 that required significant input and project management support from Arapahoe County Public Works staff. Given the small annual set-aside allocation for Deer Trail (\$10,000) HCDS staff is recommending we partner with Arapahoe County public works and the Town of Deer Trail to apply for a future project to utilize multiple years of funding and address local needs.

**Links to Align Arapahoe**

CDBG funds link to Align Arapahoe in each of the three goals, Service First, Fiscal Responsibility and Quality of Life. By design, the CDBG program and our funding decisions start with analyzing the needs of the community and providing goods, services and housing that are consistent with those needs of our residents and communities. Through our funding awards, Arapahoe County

is demonstrating a commitment to providing quality services to our residents. By awarding CDBG funds to entities (municipalities, non-profits and affordable housing developers) who complete community development projects, Arapahoe County is making a responsible fiscal impact that addresses the needs of our communities and residents and demonstrates our role as good stewards of public funds. The overall goal of the CDBG program is to develop viable communities and support low- and moderate income residents, thereby improving our residents' overall quality of life.

**Alternatives**

The BOCC may recommend an alternative distribution of funds.

**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.

**Concurrence**

**Attorney Comments**

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