

DISCUSSION/DIRECTION

# **CDBG FUNDING CONSIDERATION**


MAY 5, 2020




# CDBG FUNDING CONSIDERATION

## ELIGIBLE PROJECTS


CDBG funds must be used for activities that meet one of the following criteria:



Benefit low and moderate income persons



Prevent or eliminate slums or blight



Address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available

# CDBG FUNDING CONSIDERATION

## ELIGIBLE PROJECTS

- Acquisition of real property
- Relocation and demolition
- Rehabilitation of residential and non-residential structures
- Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes
- Public services, within certain limits
- Activities relating to energy conservation and renewable energy resources
- Provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities

# CDBG FUNDING CONSIDERATION

## PARTICIPATING CITIES/COUNTIES

- Adams County
- Arapahoe County
- Arvada
- Aurora
- Boulder
- Broomfield
- Centennial
- Colorado Springs
- Commerce City
- Denver
- El Paso County
- Fort Collins
- Grand Junction
- Greeley
- Jefferson County
- Lakewood
- Longmont
- Loveland
- Pueblo
- Thornton
- Westminster

Parker and Douglas County  
expected to participate in 2021

## EXAMPLE PROJECTS

- Housing rehabilitation and sewer line replacements (Centennial)
- Street and sidewalk accessibility improvements (Centennial)
- Energy efficiency grants (Englewood)
- Establishing a high school mentoring program to empower students from low-income communities to graduate high school (Arapahoe County)
- Low-income, senior, and special needs housing plus homebuyer assistance (Fort Collins)
- Park/playground improvements (Lakewood)

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## CASTLE ROCK – CDBG BRIEF HISTORY

- Castle Rock, in partnership with Douglas County, used CDBG funding in 2011 for alleyway and downtown accessibility improvements
- Castle Rock deferred its entitlement status for CDBG funding in 2015, 2017 and 2019
- Douglas County ended its entitlement status in 2016
- Past decisions to defer entitlement status have been primarily based on concerns with requirements with Affirmatively Furthering Fair Housing (AFFH) stipulations – specific concerns were loss of zoning/planning control

## CDBG FINANCIAL IMPACT

- FY2020 estimated allocation: \$222,000 – it is reasonable to assume a similar amount for FY2021
- 2020 CARES Act included \$5 Billion for CDBG grantees nationwide to aide in coronavirus response
  - Boulder: ~\$500,000
  - Commerce City: ~\$250,000

# CDBG FUNDING CONSIDERATION

## TOWN ELIGIBILITY

The Town was notified on April 1<sup>st</sup> of its eligibility to receive CDBG funds for FY2021

## COUNTY PARTICIPATION

Douglas County notified the Town on April 17<sup>th</sup> of its intention to accept CDBG Funding and the Town's option to partner with Douglas County

## AFFH RULE CHANGE

HUD presented a potential rule change regarding Affirmatively Furthering Fair Housing (AFFH) on January 14, 2020

# CDBG FUNDING CONSIDERATION

## JUSTIFICATION FOR AFFH RULE CHANGE

1. Under the existing 2015 rule, there was a high failure rate of entities Assessment of Fair Housing (AFH) and duplication of efforts (63% were not accepted or only accepted after HUD required revisions).
2. Administration of the 2015 rule was burdensome to HUD. HUD spent \$3.5 million on technical assistance to 49 jurisdictions.
3. The 2015 rule was burdensome because HUD required the same process for all jurisdictions, rather than allowing a customized approach given unique conditions of each locality.
4. The existing rule focused more on planning and process than on results.
5. The AFH required completion of an extensive questionnaire that was difficult to use and did not include all relevant factors.

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## AFFH PROPOSED RULE CHANGES

### AFFH Definition (Current)

“taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.”

### AFFH Definition (Proposed)

“advancing fair housing choice within the program participant’s control or influence.”

According to rule change documents, this definition change “avoids a federal government directive for local action that does not align with the statutory directive or that goes beyond the authority of subject jurisdictions.” It allows a more tailored approach for local needs and emphasizes fair housing choice, which is further defined in the proposed rule.



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## AFFH PROPOSED RULE CHANGES

### AFFH Certification (Current)

Current certifications do not specify how jurisdictions will AFFH.

### AFFH Certification (Proposed)

Jurisdictions will submit at least three concrete goals to AFFH in the following five year period.

This rule change allows jurisdictions “to act as they deem necessary to achieve their results while allowing HUD to avoid micromanaging localities.” Additionally, HUD notes that no jurisdiction may have their certification questioned because they do not choose to undertake zoning changes.

# CDBG FUNDING CONSIDERATION

## AFFH PROPOSED RULE CHANGES

### Comparison Metrics

Comparison metrics will be developed by HUD to rank CDBG receiving entities and compare similar entities. The goal is to incentivize entities with successful programs. This program will be more fully developed with the final rule change.

### Annual Performance Reports/Amendments

AFFH certification will be included with annual reporting processes – eliminating significant duplication of efforts.

With proposed rule changes, administrative efforts are expected to decrease. Efforts to create the required consolidated plan are average roughly 320 hours per entity, up 3%. However, elimination of the AFFH assessment tool should save about 182 hours per entity that were required under the 2015 rule.

# CDBG FUNDING CONSIDERATION

## OPTIONS

1. **Accept entitlement status and proceed independently (recommended)**
  - **Notify Douglas County of intent to proceed independently by May 15<sup>th</sup>**
  - **Notify HUD of acceptance by September 15<sup>th</sup>**
  - **Prepare consolidated plan to submit to HUD between November 15, 2020 – August 16, 2021**
2. **Accept entitlement status and partner with Douglas County**
  - **Notify Douglas County of intent to accept entitlement and partner with County by May 15<sup>th</sup>**
  - **Complete IGA with Douglas County by June 29<sup>th</sup>**
  - **Participate with County on development of consolidated plan to submit to HUD by August 16, 2021**
3. **Decline to partner with County for 2021 entitlement and conduct further research for future action**
  - **Notify County by May 15<sup>th</sup>**
  - **Attain further Town Council direction to respond to HUD by September 15<sup>th</sup>**
4. **Defer entitlement status**
  - **Notify HUD of deferral by September 15<sup>th</sup>**

# CDBG FUNDING CONSIDERATION

## PROPOSED MOTIONS

**Option 1:** “I move to direct staff to notify HUD of the Town’s intent to accept entitlement status and to notify Douglas County of the Town’s intent to proceed independently.”

**Option 2:** “I move to direct staff to notify Douglas County of the Town’s intent to accept entitlement status and proceed with development of an IGA between the Town and Douglas County for coordination and administration of the CDBG program.”

**Option 3:** “I move to direct staff to conduct further research on this issue and bring information back for later Council action and to notify Douglas County that the Town will not partner with them on CDBG efforts at this time.”

**Option 4:** “I move to direct staff to notify HUD of the Town’s intent to defer entitlement status.”



# QUESTIONS?