



COMMUNITY DEVELOPMENT BLOCK GRANTS

METHOD OF DISTRIBUTION 2016-2018

ADOPTED BY
NACOG REGIONAL COUNCIL ON
AUGUST 27, 2015

Northern Arizona Council of Governments
August, 2015

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I. NATIONAL OBJECTIVES

CDBG funds are allocated from the U.S. Department of Housing and Urban Development (HUD) to the State of Arizona's Small Cities Program. The Arizona Department of Housing (ADOH) is the State designated recipient of the funds.

In order to be eligible for funding, grant activities must meet at least one of the three national objectives as authorized by Title I of the Housing and Community Development Act of 1974:

- ♦ Benefit at least 51% low to moderate income persons;
- ♦ Aid in the prevention or elimination of slums or blight;
- ♦ Resolve an urgent need health hazard.

NON LOW-MODERATE INCOME ACTIVITIES

There is no minimum income criterion for beneficiaries for Slum/Blight or Urgent Need activities. The State cannot invest more than 30% of the state allocation in non-low moderate income activities. IF a community wishes to do a non-low-mod activity, it must obtain pre-approval by ADOH. ADOH will "set-aside" the funds on a first come, first serve basis up to the 30% limit.

II. PERFORMANCE MEASUREMENT OBJECTIVES

Additionally, HUD has issued an outcomes performance measurement system. If a project does not fit into one of three overarching objectives, it will not be considered eligible for the state program. The three overarching objectives each have three possible outcomes. The objectives and outcomes are:

- Objective #1. Creating Suitable Living Environments
Outcomes: Availability/Accessibility, or Affordability, or Sustainability
- Objective #2. Providing Decent Affordable Housing
Outcomes: Availability/Accessibility, or Affordability, or Sustainability
- Objective #3. Creating Economic Opportunities
Outcomes: Availability/Accessibility, or Affordability, or Sustainability

Every project must address one of the nine possible outcome/objective statements.

III. COMPLIANCE WITH PROGRAM REQUIREMENTS

In order to achieve compliance with ADOH Community Development Block Grants requirements, the NACOG Method of Distribution incorporates by reference the 2015-2019 Consolidated Plan and the Annual Action Plans, the most recent version of the CDBG Application Handbook, and all related federal overlay statutes.

IV. REGIONAL PROCESS

ADOH allocates funds to the four rural Councils of Government based on county population and poverty. The formula weights poverty 70% and population 30%.

In the NACOG Region, funds are allocated to Apache, Coconino, Navajo and Yavapai counties. The formula uses a \$110,000 base per county and allocates the remainder of the funds with the same poverty/population

weighted formula as the state uses. Because Sedona falls within two counties, an adjustment is made to move City of Sedona-Coconino County poverty/population numbers to Yavapai County.

Local and County governments within the four county NACOG region, except for the City of Flagstaff and the City of Prescott, are eligible for funding.

NACOG employs an "Entitlement" process for distribution of funds within each county. Adopting the ADOH policy "To promote, through the Regional Councils, a strong local government role in the grant selection process", NACOG sponsors County Committees comprised of each incorporated City, Town, or County's CDBG contact person(s), which determine the details of the distribution and method of allocation for their county. The details of each county process are outlined later. The NACOG Regional Council approves each county Entitlement Schedule and Distribution of Funds methodology.

Each local government applicant for CDBG funds will conduct at least one public hearing to receive public input on potential projects, and another public hearing to select the projects being applied for and adopt resolutions. The first hearing may or may not be held at a Council/Board meeting and the second must be held at a Council/Board meeting. NACOG staff will, upon invitation, attend the first or both public hearings to assure that required information is entered into the minutes of the hearing. An activity **MUST BE DISCUSSED** at a Public Hearing in order to be fundable.

The local Council / Board will review all proposals that are presented at the Public Hearings and will select the activities that best meet the following criteria:

- ♦ The activity meets one of the three national objectives;
- ♦ An objective-outcome statement may be made about it;
- ♦ The activity is do-able for the community during the allowed time period and for the amount of funds available to the community (including leverage);
- ♦ The activity fits with the overall community development and housing goals of the community;
- ♦ There is a community need that the activity addresses beneficially;
- ♦ Any additional criteria that the community may wish to consider.

V. APPLICATIONS

APPLICATIONS WILL BE DUE TO NACOG BY APRIL 5 EACH YEAR

ALL CITIZEN AND PUBLIC PARTICIPATION REQUIREMENTS MUST BE MET.

Each community must conduct public hearings on the community's housing and development needs. The community may not apply for a project that is not discussed at a public hearing. The local governing board has the responsibility of prioritizing projects for funding.

Each activity of the application must meet one of the three national objectives listed earlier and be an eligible activity. There is a detailed list of eligible activities in the CDBG Application Handbook.

ADOH allows that individual communities submit only one (1) project application for the Regional Account during their funding cycle, and that Counties submit no more than three (3) project applications.

APPLICATION SUBMITTAL

All applications must follow the ADOH CDBG Application Handbook instructions, with the exception of binding. For the application to be eligible for review it must be complete and all attachments must be included. Attachments will vary depending on the activities selected.

Applications must meet the deadline for submittal to NACOG. A responsive application will include:

- ◆ One ORIGINAL of all forms requiring a signature:
Form 1(s),
Certifications,
Disclosure Report;
- ◆ All pages must be one-sided;
- ◆ No binding – the package should be held together with a clip at the top or similar;
- ◆ There should be NO page numbers.

Applications will be reviewed by NACOG for compliance and completeness using the ADOH "Application Review Forms". In late April of each year, the NACOG Regional Council will approve all activities, funding amounts, and the submittal of applications to ADOH.

VI. ADOH - COMMUNITY CONTRACTS

All successful applicants will sign a Contract with ADOH. By signing the contract, the local government is stating that it will take full responsibility for the performance of the contract in accordance with all applicable federal and state guidelines. The applicant is solely responsible for correcting any deficiencies, expenditure disallowances, or sanctions relating to the grant. More specifically, any repayments required by ADOH are the sole responsibility of the local government and not future NACOG allocations, unless it is out of its own future CDBG.

VII. FUNDS AVAILABILITY AND ALLOCATIONS

*The NACOG Regional Account is estimated at **\$1,927,483** based on the 2015 funding. The actual funding levels may not be available until January of the funding year or later.*

ESTIMATED FUNDING LEVELS

County	Base \$	Pop/Pov %	Allocated Dollars	Total \$
<i>Apache</i>	<i>\$110,000</i>	<i>7.15%</i>	<i>106,306</i>	<i>215,306</i>
<i>Coconino</i>	<i>110,000</i>	<i>13.77%</i>	<i>204,893</i>	<i>314,893</i>
<i>Navajo</i>	<i>110,000</i>	<i>24.12%</i>	<i>358,825</i>	<i>468,825</i>
<i>Yavapai</i>	<i>110,000</i>	<i>54.96%</i>	<i>817,459</i>	<i>927,459</i>
Total	<u>\$440,000</u>	<u>100%</u>	<u>1,487,483</u>	<u>\$1,927,483</u>

VIII. NACOG DOCUMENTATION

NACOG will document that the procedures included in the Method of Distribution have been followed and that all communities were notified of this document.

IX. RECAPTURED AND DE-OBLIGATED FUNDS

Recapture is the action of removing funds from a contract due to one of the following two types of circumstances:

1. Recapture for Non-compliance. ADOH determines that CDBG funds were not used in compliance with the contract between ADOH and the recipient or in compliance with federal regulations.
2. Recapture for Non-performance. The recipient fails to perform according to the performance criteria outlined in the contract scope of work, the contract schedule, and/or the performance criteria outlined in the text of the contract with ADOH.

Recaptured funds will return to ADOH to be redistributed through the State Special Projects account to the applicant next in line for funding.

De-obligation is the action of removing funds from a contract due to one of the following:

1. The scope of work is completed using less CDBG funds than anticipated and leaving an unexpended balance.
2. The original allocation was a loan and the loan was paid back.
3. An activity was changed or cancelled (for reasons other than performance) resulting in excess funding.
4. Program income is received that is not programmed for use.

De-obligated funds may be rolled into an existing or new contract of the same funding year from which the funds will be de-obligated if they can be put under contract within 60 days and used quickly. The community must have a positive performance record to be granted this approval. If the above is not possible, the funds will return to ADOH to be redistributed through the State Special Projects account to the applicant next in line for funding.

X. NON-FUNDABLE APPLICATIONS

NACOG will assist all entitlement applicants throughout the application process to determine eligibility of projects, to meet public participation requirements, and with other application requirements to avoid non-fundable applications to the greatest extent possible.

If an application is determined non-fundable after it is submitted to ADOH, the funds will revert to:

- First, the next prioritized community application;
- Second, the next highest prioritized application of the other applicant(s) in that county;
- Third, the next highest prioritized Regional application.

XI. MULTI-JURISDICTIONAL APPLICATIONS

Multi-jurisdictional applications are allowed. There will need to be an Intergovernmental Agreement between the two entities and both will need to have met the performance and public participation requirements.

XII. NACOG APPLICATION ASSISTANCE AND PROFESSIONAL SERVICES AGREEMENT

NACOG contracts with each community to provide technical assistance and application review (TAAP). Each applicant authorizes payment by including a CDBG budget line item in their application. The fee is a flat rate of \$5,000. Communities requiring additional assistance, such as with multiple applications or a special income survey, will be charged more based on the amount of assistance provided, which will be estimated using the \$75 per hour consulting rate previously approved by the NACOG Regional Council. Additional services will be contracted through a Professional Services Agreement.

XIII. COUNTY ENTITLEMENT DISTRIBUTION BY COUNTY

County Committees, with the approval of the Regional Council, have determined their own Entitlement Schedules and Distribution of Funds criteria.

SCHEDULES

Although the following schedules may cite years beyond for rotation purposes, the County Committees reserve the option of making future adjustments based on changes in the CDBG legislation, funding levels, performance, and the like. This rotation schedule is not a binding commitment of funds for future years.

APACHE COUNTY

A. Entitlement Schedule:

2016	Apache County
2017	City of St. Johns
2018	Town of Eagar
2019	Town of Springerville

B. Distribution of Funds:

The entitlement entity will apply for the total county amount.

COCONINO COUNTY

A. Entitlement Schedule:

The City of Flagstaff is not in the "small cities" CDBG Program and is not a participant in the rotation. The City of Sedona's Coconino County population/poverty is attributed to the Yavapai County allocation and the City of Sedona rotates in the Yavapai County schedule. This County has a five-year rotation schedule.

2016	Town of Fredonia
2017	City of Page
2018	Town of Tusayan
2019	Coconino County
2020	City of Williams

B. Distribution of Funds:

The entitlement entity will apply for the total county allocation.

NAVAJO COUNTY

A. Entitlement Schedule:

2016	City of Winslow, Town of Snowflake
2017	City of Holbrook and City of Show Low
2018	Town of Taylor and Town of Pinetop-Lakeside
2019	Navajo County

B. Distribution of Funds:

Funds will be evenly split between the entitlement entities, except Navajo County will be the only applicant during their year and will receive the total amount.

YAVAPAI COUNTY

A. Entitlement Schedule:

The City of Prescott is not in the "small cities" CDBG Program and is not a participant in the rotation. The City of Sedona's Coconino County population/poverty is allocated to the Yavapai County allocation and the City of Sedona rotates in the Yavapai County schedule.

2016	Town of Prescott Valley (2/3) Town of Jerome (1/3)
2017	Yavapai County
2018	Town of Chino Valley, Town of Clarkdale, Town of Camp Verde
2019	City of Cottonwood, Town of Dewey-Humboldt, City of Sedona

B. Distribution of Funds:

In the years with three entitlement entities, funds will be evenly split. In the year with the Town of Prescott Valley and Town of Jerome, the split will be 2/3 Town of Prescott Valley and 1/3 Town of Jerome. The County will receive all funds during the year of its allocation.

XIV. STATE OF ARIZONA DEPARTMENT OF HOUSING REQUIREMENTS

All applicants will also comply with requirements of the Arizona Department of Housing (ADOH). The ADOH issues an application handbook and administrative and implementation guidelines. The ADOH is ultimately responsible for fulfilling the state's commitments to U.S. Housing and Urban Development and will monitor all projects.

More information on ADOH CDBG program requirements can be found at the ADOH website: www.azhousing.gov

APPENDIX A

REGIONAL ACCOUNT SCHEDULE

This schedule will meet the CDBG obligations and reflects the final dates for the activities listed; however, individual communities may have an earlier deadline to meet its needs.

August	NACOG Regional Council approves Method of Distribution
September/October	Public hearings scheduled
December 31	Deadline for firm commitment of funds
January 31	Deadline for last public hearing to present and discuss projects
January 31	Deadline for communities to prioritize projects
February 1	Deadline for Letters of Intent to ADOH summarizing project(s)
February - April	Communities develop applications, pass resolutions
April 5	Applications due to NACOG
Late April	NACOG Regional Council approves applications for submittal to state
June 1	Applications to state CDBG
August	Award letter expected from ADOH

APPENDIX B

NACOG APPLICATION ASSISTANCE

NACOG will provide technical assistance and application review during the process. The types of activities that NACOG can provide include, but are not limited to:

- Application forms review with ADOH;
- Application workshops;
- Assistance with development and review of schedules;
- Assistance with development and review of Public Participation activities;
- Assistance with Public Hearings;
- Assistance with review of forms before submittal;
- Assistance with determination of project eligibility;
- Assistance with preparation of Public Notices and PSA's;
- Assistance with Resolution preparation;
- Assistance with Special Surveys;
- Review of applications for completeness and compliance before submittal to ADOH;
- Adjustments to applications based on reviews;
- Assuring submission of applications to ADOH;
- Assistance with any application changes requested by ADOH;
- Technical Assistance on various matters; ex: cost estimates, data identification and collection.

For budgeting purposes, applicants may assume an approximate equal share of charges. At present, the number of hours to be spent on each application is assumed to be approximately equal. When applicants have determined their projects, NACOG will verify the TAAP amount based on the proposed activities and expected hours to be expended.

All applicants will be billed at least a minimum review and time charge, to be paid from CDBG or local funds, based on mandated activities required to complete the process.

Communities may budget up to 18% for total administration. Charges of developing the application may be charged to the grant when it is received as long as those amounts are documented.

NOTE: Communities may contract for overall grant administration and implementation. And, under federal and state rulings, communities may contract with NACOG without the RFP process if they wish to contract out any or all grant administration functions.

APPENDIX C

ESTIMATED COMMUNITY ALLOCATIONS

COMMUNITY	AMOUNT
Apache County	216,306
Town of Fredonia	314,893
City of Winslow	234,413
Town of Snowflake	234,412
Town of Prescott Valley	618,306
Town of Jerome	309,153
TOTAL	\$1,927,483