

ORDINANCE/RESOLUTION REQUEST

Date of Request: August 12, 2019

Please mark one: ☐ Bill Request or ☒ Resolution Request

1. Type of Request:

- ☒ Contract/Grant Agreement ☐ Intergovernmental Agreement (IGA) ☐ Rezoning/Text Amendment
- ☐ Dedication/Vacation ☐ Appropriation/Supplemental ☐ DRMC Change
- ☐ Other:

2. Title: Approves a grant agreement (revenue contract) for the Office of Economic Development (OED)* to receive \$6,796,880 in Community Development Block Grant (CDBG) funds from the U.S. Department of Housing & Urban Development (HUD) for the 2019 program year. OED utilizes these annual entitlement funds from HUD to provide funding for services and projects supporting housing, neighborhoods, and business development program areas.

3. Requesting Agency: Office of Economic Development (OED)*

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Rachel King 720-913-1669	Name: Susan Liehe 720-913-1689
Email: rachel.king@denvergov.org	Email: susan.liehe@denvergov.org

5. General a text description or background of the proposed request, if not included as an executive summary.
See Executive Summary

6. City Attorney assigned to this request (if applicable): Frank Romines

7. City Council District: All

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property): Grant agreement

Vendor/Contractor Name: U.S. Department of Housing & Urban Development (HUD)

Contract control number: OEDEV-201951390

Location: Citywide

Is this a new contract? ☒ Yes ☐ No **Is this an Amendment?** ☐ Yes ☒ No **If yes, how many?** _____

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):
Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount</i>	<i>Additional Funds</i>	<i>Total Contract Amount</i>
<i>(A)</i>	<i>(B)</i>	<i>(A+B)</i>
\$6,796,880	0	\$6,796,880

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
January 1, 2019 – December 31, 2019	n/a	n/a

Scope of work:

To execute FY 2019 grant agreement for US Department of Housing and Urban Development (HUD) for the Community Development Block Grant (CDBG) program:

FUND/COST CENTER: 16002-0145100

AWARD: AWD-00000740: B-19-MC-08-0005

AMOUNT: \$6,796,880

Was this contractor selected by competitive process? n/a

Has this contractor provided these services to the City before? ☒ Yes ☐ No

Source of funds: Community Development Block Grant, authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; [42 U.S.C.-530.1](#) et seq.

Is this contract subject to: ☐ W/MBE ☐ DBE ☐ SBE ☐ XO101 ☐ ACDBE ☒ N/A

WBE/MBE/DBE commitments (construction, design, DEN concession contracts): N/A

Who are the subcontractors to this contract? N/A

EXECUTIVE SUMMARY

The federal Community Development Block Grant (CDBG) program was enacted in 1974 to provide block grant funding for community development. CDBG assists urban, suburban, and rural communities to improve housing and living conditions and expand economic opportunities for low- and moderate-income persons.

Counties use the flexibility of CDBG funds to collaborate with private and nonprofit sector partners to develop and upgrade local housing, water, infrastructure and human services programs. CDBG also helps to create jobs through the expansion and retention of businesses and is an important tool for helping local governments tackle serious challenges facing their communities. Counties rely on CDBG allocation to meet critical community development needs.

Nationwide, CDBG provides annual grants on a formula basis to nearly 1,200 metro and county governments in addition to states.

Across the country, these “local entitlement cities and counties” receive about 70 percent of CDBG funds, and states receive the remaining 30 percent. HUD determines the amount of each grant by using a formula including community need, poverty rates, population growth or lag measured in relationship to other metro areas, and housing issues, including the age of housing stock.

Here in Denver, through the Office of Economic Development (OED) issuance of a NOFA (Notice of Funding Availability), this grant is awarded locally to a wide range of both housing as well as neighborhood services programs. Additional funding is invested in housing development projects, neighborhood development projects such as public facilities or community improvements, and as gap financing for small businesses.

NOFA applications are evaluated and scored by OED staff, other city agency staff and community members. Community reviewers are chosen based on their knowledge and experience in the program areas of housing and neighborhood development. Awardees are selected based on their ability to achieve measurable outcomes supporting Mayor Hancock’s priorities as well as [OED’s strategic plan](#). Evaluation criteria also scores each applicant’s project plan, organizational capacity, financial capacity and prior performance when applicable.

Denver’s awarded projects are funded through a variety of federal community development programs, including not just CDBG but also HOME Investment Partnerships and Housing Opportunities for Persons with AIDS (HOPWA) entitlement grants. These funds also help leverage many programs and projects funded by city sources. The majority of development projects are funded through loans, helping to generate future program income from these loans for OED’s reinvestment into additional projects and programs.

The FY 2019 resolution funded CDBG nationally at \$3.295 billion, which is substantially the same amount awarded under the FY 2018 resolution (\$3.3 billion). However, consistent budget reductions over the past decade nationwide, combined with indications from the current administration to decrease allocations or eliminate some programs entirely, are creating anxiety for grantees about funding availability in future program years.

CDBG allocations to Denver have decreased 24.2% since 2009. Here is the ten-year summary of Denver’s CDBG allocations:

Program	Program Year	Authorized Amount
CDBG	2009	\$8,961,951.00
CDBG	2010	\$9,613,417.00
CDBG	2011	\$7,939,513.00
CDBG	2012	\$6,957,695.00
CDBG	2013	\$7,170,263.00
CDBG	2014	\$6,859,983.00
CDBG	2015	\$6,687,320.00
CDBG	2016	\$6,531,090.00
CDBG	2017	\$6,602,257.00
CDBG	2018	\$6,859,369.00
CDBG	2019	\$6,796,880.00

* NOTE: OED is in transition to become Denver Economic Development & Opportunity, or DEDO, upon the execution of an Executive Order this fall. Also in transition is the creation of a new city entity, the Department of Housing Stability (HOST). However, for the purposes of the 2019 funding contracts from HUD currently being executed for CDBG, HOME, and HOPWA, the receiving entity contractually is OED.