

CDBG Overview

Summary:

Since 1975, the Community Development Block Grant (CDBG) program has been issued to local communities and states through the federal Department of Housing and Urban Development (HUD). This program funding is utilized by the City and County of Denver (CCD) for programs and services, the creation of jobs, and providing and maintaining housing for low and moderate income families and persons. Historically and presently, Denver Economic Development and Opportunity (DEDO) has managed and disbursed the city’s CDBG funds across a wide variety of allowable projects. The monies are typically deployed among two primary divisions within DEDO: NEST/Neighborhoods, Business Development and also shared with Housing Stability (HOST) which receives approx. 30% of the annual allocation each year.

Funding:

CDBG funding is provided to CCD by direct annual allocation from the federal government (Discretionary funding based on a national formula) as well as repayments from loan proceeds provided to non-profits and for-profit businesses and entities – also known as program income.

A history of CDBG annual allocation funding and program income can be found below.

| Year | CDBG Annual Allocation | CDBG Program Income | Total Funds |
|------|------------------------|---------------------|--------------|
| 2015 | \$6,687,320 | 8,454,505 | \$15,141,825 |
| 2016 | \$6,531,090 | 4,850,303 | \$11,381,393 |
| 2017 | \$6,602,257 | 4,309,936 | \$10,912,193 |
| 2018 | \$6,859,369 | 3,021,521 | \$9,880,890 |
| 2019 | \$6,796,880 | 6,663,422 | 13,460,302 |
| 2020 | \$6,819,625 | 1,822,965 | 8,642,590 |
| 2021 | \$6,740,253 | 2,150,396* | 8,890,649 |

* 2021 Funds are an estimate for year-end; Program Income was largely impacted by COVID-19

Direct funding announcements from HUD generally start around April of the fiscal year, but because of requisite planning and citizen participation processes, the Award documents and receipt of funding usually does not come until August/September.

DEDO’s Program year runs from January 1st to December 31st.

While CCD received additional CDBG allocations under the CARES Act in 2020 (known as “CDBG-CV”), this funding is unique and programmatically separate from traditional CDBG funds. CDBG-CV funds are restricted to activities that prevent, prepare for, or respond to COVID-19 only. Additional program and administrative requirements apply to CDBG-CV funds, and thus cannot be used to cover typical activities funded under CDBG, such as annual program service contracts and staff administrative costs.

Request:

DEDO requests \$2.5M in advanced CDBG Budget Allocation in January 2022 to help alleviate funding challenges due to the delayed timing of HUD's CDBG award as well as DEDO's reduced Program Income receipts in 2021 due to COVID-19. We would like to request funding ahead of our award based on language set forth in Fiscal Accountability Rule 9.1.

We are requesting this funding at less than 50% of the average annual CDBG award provided in the past 6 years. DEDO anticipates little to no risk with this request as we do not anticipate CDBG funding to be cut substantially or totally in 2022. DEDO also has anticipated, contractually obligated future program income from our CDBG Business Loans that could cover this amount should HUD funding cease.

Matthew Karnes
DEDO Chief Operating Officer