



**CENTRAL ARIZONA GOVERNMENTS  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
FISCAL YEAR 2014 METHOD OF DISTRIBUTION**

The following information is taken from the Arizona Department of Housing Consolidated Plan.

**OVERVIEW**

The total amount of CDBG funds available to the State of Arizona (Arizona Department of Housing (ADOH)) is estimated to be \$9,560,059. No program income or carryover funds are available to ADOH therefore this number is not included in the above amount. Federal Law allows ADOH to retain two percent (2% - estimated to be \$191,201) plus \$100,000 of its annual CDBG allocation for program administration. ADOH must provide a non-federal match for the two percent (2%). The match is to be documented at the same time that CDBG funds are drawn down for the State’s administrative expenditures above \$100,000. The federal CDBG resources available to the state will be distributed as follows:

| Program   | Funding             |
|---|---------------------|
| ADOH Administration:<br>(2% + 100,000 – Administration) | \$ 291,201          |
| 1% - Technical Assistance**                             | \$ 95,601           |
| Grantee Funds   | \$ 8,217,251        |
| <b>Regional Account (RA) - 85%</b>                      | <b>\$ 6,984,663</b> |
| <b>State Special Projects (SSP) Account - 15%</b>       | <b>\$ 1,232,588</b> |
| <b>Colonia’s Projects Account - 10%</b>                 | <b>\$ 956,006</b>   |

*\*\* Required match is not included in this figure. All figures are estimates.*

At least 70 percent (70%) of CDBG funds must be spent on activities that meet the low to moderate income persons (low/mod) benefit national objective. Consequently, activities justified on the basis of Slum/Blight or Urgent Need are funded on a first-notified (to ADOH), first-funded basis up to a maximum of 30 percent (30%) of CDBG funds.

Requests for administrative funds are limited to not more than eighteen percent (18%) aggregate of each applicant’s total application amount (i.e. if there is more than one application, the administrative funds can be greater than 18% on projects requiring extra oversight as long as the total administrative funds for all of the community’s projects combined does not exceed 18%). Requests for public service funds are limited to not more than 15 percent (15%) of the total CDBG allocation and are funded on a first-notified (to ADOH), first-funded basis.

The State will distribute any recaptured funds, de-obligated funds, disallowed costs from prior contracts, and program income (PI) not retained by grantees. These funds will be distributed as follows:

ADOH may reallocate de-obligated funds to the same community from which it was de-obligated to an existing or new contract of the same funding year based on the following criteria: 1) performance of the contract from which the funds were de-obligated; and 2) ability to commit de-obligated funds to another project that can immediately use the funds provided the new funds can be committed through a new contract or an amended contract within 60 days.

If ADOH cannot reallocate de-obligated funds according to the above criteria, the de-obligated funds will be redistributed by ADOH to the SSP.

Funds Recaptured for Non-compliance and Recaptured for Non-performance will be redistributed by ADOH to the SSP.

**REGIONAL ACCOUNT**

The CDBG Regional Account (RA) consists of eighty-five percent (85%) of the State of Arizona allocation from HUD after allocations to state administration, technical assistance and the Colonia Set Aside. The remaining fifteen percent (15%) makes up the State Special Projects Account. The RA is distributed on a non-competitive basis to all non-metropolitan cities, towns and counties in Arizona except the cities of Flagstaff, Prescott and Yuma. The method by which the funds are distributed is determined by the State of Arizona working in conjunction with each regional Council of Government (COG). Each COG develops a Method of Distribution (MOD) each year and forwards the MOD to ADOH for approval. The MOD determines which communities will receive funding each year and how much will be received. In some regions, communities take turns in receiving funding (forgoing funding one year for higher amounts the next year) while others distribute the funds evenly every year. At the time of application each community’s CDBG application amount must equal the allocation amount. The applications are routed through the COG to ADOH. ADOH will attempt to review and fund each application submitted within 60 days of receipt. ADOH will review all applications and make the final award determinations.

To determine the amount of the CDBG funding allocated to each COGs sub-account, the State uses a formula based on population and persons in poverty. Specifically, the COG sub-accounts are determined by: 1) multiplying the percentage of the total population of each COG by 30 percent; 2) multiplying the percentage of the total poverty population of each COG by 70 percent; and 3) adding the products of the two.

The Regional Account (RA) is divided into four sub-accounts, one for each of the non-metropolitan COG areas. Regional Account allocations are as follows:

**Central Arizona Government (CAG)  
Gila and Pinal Counties estimated at \$1,904,126**

Northern Arizona Council of Government (NACOG)  
Apache, Coconino, Navajo and Yavapai Counties estimated at \$1,610,324

South Eastern Arizona Government Organization (SEAGO)  
Cochise, Graham, Greenlee and Santa Cruz Counties estimated at \$1,373,777

Western Arizona Council of Government (WACOG)  
La Paz, Mohave and Yuma Counties estimated at \$2,096,436



ADOH will announce CDBG funding levels when HUD releases the allocation notices for both the Regional Account by COG and the State Special Projects Account by the total available for the state.

All applications are due to ADOH at 4:00 P.M. each funding year on the following dates: (if a weekend, then the first business day thereafter).

NACOG and SEAGO – June 1, 2014 / WACOG and CAG – July 1, 2014

Each year the COG will recommend a Method of Distribution to ADOH for the communities within the respective COG region. ADOH has the final authority to determine the MOD for the state. ADOH's final MOD will be included in the Annual Update of the Consolidated Plan, which is subject to a public participation process.

### **DISTRIBUTION METHODOLOGY**

All distribution of State CDBG funds is to be accomplished through an entitlement system. Each MOD must contain a multi-year schedule that indicates how CDBG allocations are to be distributed such that all eligible communities within each respective COG region will receive funding. The multi-year schedule should include the funding years that each community in the region will receive funds and estimate the amount available. This will allow each community to plan its CDBG projects in advance. Deviations from rotation schedules whereby communities trade allocations is allowed but must be accomplished prior to **September 30**.

### **ADOH APPROVAL OF MOD**

Each COG must submit its MOD to ADOH within 45 days of the Information Bulletin published by ADOH (announcing the COG's allocation by CDBG region) along with documentation that the MOD has been approved by formal action of the Regional Council. ADOH has the final authority to approve or deny each MOD.

### **RECIPIENT COMMUNITY RESPONSIBILITY**

While CDBG money is provided to all recipient communities on an entitlement basis, eligibility for CDBG funding depends upon the submission of a viable project application. It is the responsibility of each recipient community to submit a CDBG application with a request of funding equal to or less than the amount of the projected allocation in the MOD. If a community that is scheduled to be funded does not submit a viable and compliant application to ADOH, the allocation for that community will be re-allocated to the SSP. If the funding amounts scheduled for a community exceed funding requests included in the application, the balance will be redistributed to the SSP. Back-up applications will not be accepted.

### **APPLICATION ROUTING THROUGH COG**

All CDBG applications must be routed through the COG for review. The COG will review each application for completeness, notify each community of their findings and assist the community with rectifying any application deficiencies. The responsibility to correct deficiencies lies with the community unless the COG is providing this service under contract to the community. COGs have no discretion to reject applications and must forward all applications to the state. Only those communities identified as eligible to receive funding in the current year MOD may submit an application, therefore, no rating or ranking or similar comparative analysis is necessary. COG costs for application review must be negotiated between the community and the COG. Each COG will establish its own application procedures (letters of intent, etc.) and submission deadline.

### **REDISTRIBUTION OF FUNDS**

Funds will be redistributed as necessary according to the following:

*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*. The ADOH determines that CDBG funds were not used in compliance with the contract between ADOH and the recipient or in compliance with federal regulations; and 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 be returned to ADOH to be redistributed through the next State Special Projects Account competitive application round.

**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 were 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 competitive application round.

If a community that is scheduled to receive funding chooses not to participate in their scheduled Regional Account round or is somehow precluded from participating, the allocation for that community will be returned to the Regional Account from which it came and is to be re-allocated according to the respective Council of Government Method of Distribution previously approved by ADOH.

If a community that is scheduled to receive funding does not submit a feasible and/or compliant application to their Council of Government, the allocation for that community will be returned to ADOH to be distributed through the next State Special Projects Account competitive application round.

If a Council of Government submits an application to ADOH on behalf of a community that is scheduled to be funded, and that application is determined to be infeasible and/or non-compliant, the allocation for that community will be redistributed through the State Special Project (SSP) account.

### **ELIGIBLE ACTIVITIES**

Eligible activities are referenced in the Annual Action Plan and most current CDBG Application Handbook.

### **ELIGIBLE APPLICANTS**

The State CDBG program is available to units of local government, including cities, towns, and counties, in rural areas. For the purposes of the CDBG program, rural areas are those located outside of entitlement jurisdictions, which receive CDBG funds directly from HUD. Entitlement jurisdictions in Arizona include: all of Maricopa and Pima Counties, the cities of Flagstaff, Yuma, and Prescott and tribal lands.

### **URGENT NEEDS GRANT APPLICATIONS**

When proposing an activity that meets the Urgent Need national objective, the applicant must document that it has no other financial resources available to meet the need. Additionally, all activities that propose to meet the Urgent Need national objective must meet community development needs that: 1) have a particular urgency; 2) pose a serious, immediate threat to the health or welfare of the community; and 3) and are of recent origin.

### **COLONIAS SET-ASIDE AND STATE SPECIAL PROJECTS**

Colonias and State Special Projects will follow all NOFA publications for current year.

*This ends the information taken from the Arizona Department of Housing Consolidated Plan as required by the Arizona Department of Housing for inclusion in the Central Arizona Association of Governments Method of Distribution.*



**CENTRAL ARIZONA GOVERNMENTS  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
FY 2014 METHOD OF DISTRIBUTION REGIONAL PROCESS**

**OVERVIEW OF THE CAG CDBG PROCESS**

At least eight (8) months prior to the application deadline, CAG will notify each member entity of the requirements of the MOD and the deadline for application submission. This notification shall be sent to the attention of the each entity's Management Committee and community development practitioner(s).

CAG will present the Method of Distribution to the Management Committee for recommendation to the CAG Regional Council prior to September 30<sup>th</sup>. The MOD will then be forwarded to the Arizona Department of Housing for approval and the final MOD will be distributed to each member entity by October 30<sup>th</sup>.

Applications will be due to CAG on the first day of June 2014. Applications will be reviewed for completeness, and CAG will notify each community of their findings and will assist the community with rectifying any application deficiencies.

Applications will be presented to the Management Committee for recommendation to the CAG Regional Council. Applications will be submitted to ADOH by CAG by July 1, 2014.

**CALENDAR OF EVENTS**

- May/13 Review previous MOD; discuss changes/revisions with Management Committee
- June/13 Final approval of MOD by Management Committee and the CAG Regional Council
- September/13 Letter of Intent/Non-Intent due to CAG along with notice of partnerships
- October/13 MOD approved by ADOH, official MOD forwarded to communities
- November/13 Begin Public Participation process
- December/13 ADOH Technical Assistance Meeting
- April/14 Notice to CAG of Urgent Need or Slum and Blighted relevant projects and Letter of Intent due to ADOH
- February/14 Affirmative Furthering Fair Housing Month and Workshop provided by CAG
- June/14 Approval of Regional Account applications by Management Committee and the CAG Regional Council
- June/14 Regional Account Applications due to CAG for review
- June/14 State Special Projects Applications due to ADOH for funding (this date may change due to changes at ADOH)
- July/14 Regional Account Applications due to ADOH for funding

**LETTERS OF INTENT/NON-INTENT**

All communities shall submit to CAG a Letter of Intent or Non-Intent to apply for the current fiscal years funds. The Letters of Intent/Non-Intent will help direct the CAG staff to those entities that will require application assistance, and will also assist in assessing the workload and the number of entities applying for funds. It is not necessary for a community to be specific in the Letter of Intent or Non-Intent, only to state whether or not they plan on submitting an application and if they are partnering with other communities in this funding cycle. FY 2014 Regional Account Letters of Intent and Non-Intent should be received by CAG no later than 5:00 pm on September 1, 2013 (as specified on page 7). CAG will notify all communities of the Regional Account allocation one week after the Arizona Department of Housing receives notification, in order to assist the communities in determining the nature of the activity(ies) for which they will apply.

## PARTNERING

Communities have the option to switch funding years with another community (i.e. “partner-up”). If a community wishes to skip a year or is interested in receiving a double funding round, it is the responsibility of the community to “partner-up” with another community. Both communities need to understand the risk of possible increases or decreases in funding in the future before submitting a Letter of Intent. Deviations from rotation schedules whereby communities trade allocations is allowed but must be accomplished prior to **September 1st**.

When submitting a Letter of Intent (due date September 1st see above reference), communities must state whether they are submitting for a single funding round or are choosing to “partner-up.” If a community “partners-up,” they must state which community is their partner, which community will receive funding in the current fiscal year and which community has or will receive funding in the previous or next fiscal year, and that the entities understand possible changes in State policy and funding in the future. This Letter of Intent will be kept on file and will be valid for two years (i.e. a community cannot decide in their ‘off year’ that they want to apply again).

## CDBG GRANT DISTRIBUTION METHODOLOGY

Viable projects that are identified as eligible to receive funding in the current year may submit an application. This Distribution Methodology is identified in the multi-year schedule (four fiscal years) as seen below and displays the estimated amount of funds to be received. The total CAG funding allocation from the FY 2013 is approximately \$1,904,126.

| <b>CENTRAL ARIZONA GOVERNMENTS ALLOCATION SCHEDULE</b> |                    |                    |                    |  |
|--|--------------------|--------------------|--------------------|--|
| <b>Multi-Year Approximate Funding Objectives</b>       |                    |                    |                    |  |
| <b>Community</b>                                       | <b>2014</b>        | <b>2015</b>        | <b>2016</b>        | <b>2014 Partnering Arrangements</b>                              |
| Apache Junction  | \$113,139          | \$113,139          | \$113,139          |  |
| Casa Grande  | \$113,139          | \$113,139          | \$113,139          |  |
| Coolidge   | \$113,139          | \$113,139          | \$113,139          |  |
| Eloy   | \$226,279          | \$0                | \$226,279          | Partnered with Maricopa and is receiving funds in 2014           |
| Florence   | \$226,279          | \$0                | \$226,279          | Partnered with Winkelman and is receiving funds in 2014          |
| Gila County  | \$113,139          | \$113,139          | \$113,139          |  |
| Globe  | \$0                | \$339,418          | \$0                | Partnered with Superior and Miami and is deferring funds in 2014 |
| Hayden   | \$113,139          | \$113,139          | \$113,139          |  |
| Kearny   | \$226,279          | \$0                | \$226,279          | Partnered with Mammoth and is receiving funds in 2014            |
| Mammoth  | \$0                | \$226,279          | \$0                | Partnered with Kearny and is deferring funds in 2014             |
| Maricopa   | \$0                | \$226,279          | \$0                | Partnered with Eloy and is deferring funds in 2014               |
| Miami  | \$0                | \$0                | \$339,418          | Partnered with Superior and Globe and is deferring funds in 2014 |
| Payson   | \$226,279          | \$0                | \$226,279          | Partnered with Star Valley and is receiving funds in 2014        |
| Pinal County   | \$113,139          | \$113,139          | \$113,139          |  |
| Superior   | \$339,418          | \$0                | \$0                | Partnered with Miami and Globe, and is receiving funds in 2014   |
| Star Valley  | \$0                | \$226,279          | \$0                | Partnered with Payson and is deferring funds in 2014             |
| Winkelman  | \$0                | \$226,279          | \$0                | Partnered with Florence and is deferring funds in 2014           |
| <b>Totals</b>  | <b>\$1,923,368</b> | <b>\$1,923,368</b> | <b>\$1,923,368</b> |  |

*Note: Year 2015 partnering arrangements will be revised in future MODs*

### **FUNDING DISTRIBUTION**

Each member entity is allowed to submit an Application(s). The amount any one community may receive will be determined by the amount of the Regional Account allocation to CAG divided by the number of member entities. Thus the distribution will be equally distributed amongst the participating member entities.

### **APPLICATION DUE DATE TO CAG**

Applications are **due at the CAG Administrative Office, 1075 South Idaho Road, Suite 300, Apache Junction, Arizona 85119, no later than 5:00 p.m., Monday, June 1, 2014.**

### **APPLICATIONS ROUTED THROUGH CAG**

All CDBG applications must be routed through CAG for review. CAG will review each application for completeness, notify each community of their findings and assist the community with rectifying any application deficiencies. The responsibility to correct deficiencies lies with the community unless CAG is providing this service under contract to the community. CAG has no discretion to reject applications and must forward all applications to the State. Only those communities identified as eligible to receive funding in the current year MOD may submit an application, therefore, no rating or ranking or similar comparative analysis is necessary. CAG's cost for an application review is **\$75.00** per hour and can be reimbursed to the community under the CDBG administrative budget.

### **COMPLIANCE WITH PROGRAM REQUIREMENTS**

In order to achieve compliance with the Arizona Department of Housing Community Development Block Grant requirements, the CAG Method of Distribution incorporates the current CDBG Application Handbook, and all related federal overlay statutes.

### **ALL CITIZEN AND PUBLIC PARTICIPATION REQUIREMENTS**

An activity **MUST** be discussed at a CDBG Public Hearing to be eligible for funding. Each activity **MUST** meet one of the three National Objectives and be eligible per CDBG guidelines.

All submitted Applications **MUST** follow the most current CDBG Application Handbook. For an Application to be eligible for review, it **MUST** be complete and all requirements **MUST** be included. Attachments will vary depending on the activity selected; however, Applications will include at least the following:

- Appropriate CDBG forms from the CDBG Application Handbook;
- Census/Location Maps;
- Census/Demographic Information;
- Signed Certifications;
- Public Participation documentation and proof of publication of public notices;
- All applicable Resolutions; and
- Disclosure Report

One original and one copy of each application shall be submitted to CAG prior to the deadline (5:00 p.m., June 1, 2014) in the format and order required by the CDBG Program. Each original application and copy shall be submitted in a standard, letter sized, manila colored file folder and secured by a two-hole-punched prong at the top of the application with the Form 1, Application Cover Sheet as the first page in the application. Each application shall be identified by a label attached to the folder indicating CDBG FY 2014 RA Application and shall list the entity name and project.

### **COMPLETENESS**

CAG staff will review each Application for completeness, will clarify and assure that each activity meets one of the three National Objectives and is eligible.

### **ELIGIBLE ACTIVITIES**

Eligible activities are referenced in the Annual Action Plan and most current CDBG Application Handbook.

### **URGENT NEED OR SLUM AND BLIGHT ACTIVITIES**

Each Entity is required to submit in their Letter of Intent to ADOH and also to report to CAG whether their Application submitted will be under the Urgent Need or the Slum and Blight National Objective. Of CAG's total funding allocation, no more than thirty percent (30%) of the total shall be justified on the basis of the Urgent Need or the Slum and Blight Objective. This determination is based on a first come first serve basis. Should the proposed applications exceed the thirty percent (30%) maximum, CAG will recommend that projects be revised to reflect the National Objectives. CAG will then forward this information to ADOH. **Notice shall be made via email or phone call to CAG by April 1 of each funding year.**

When proposing an activity that meets the Urgent Need national objective, the applicant must document that it has no other financial resources available to meet the need. Additionally, all activities that propose to meet the Urgent Need national objective must meet community development needs that: 1) have a particular urgency; 2) pose a serious, immediate threat to the health or welfare of the community; and 3) and are of recent origin.

In addition, a similar threshold requirement is applicable to all Public Services Applications, whereas, ADOH must be advised in writing as to which community wishes to complete such a project, the total funds being applied for and the project description/name. Likewise, the Colonias allocation threshold is 10% and ADOH should be notified in advance if a community has been recently declared a Colonias.

HUD mandates the state expend at least ten percent (10%) of its CDBG allocation in the Colonias. All activities in a self-determined or CDBG-determined Colonia will be considered to meet this set-aside. If there are insufficient funds requested for Colonias from the RA, Colonias SSP applications for will be given priority-funding consideration.

### **CAG REGIONAL COUNCIL**

The Management Committee will recommend applications and funding levels to CAG Regional Council, who will in turn make the final funding recommendations to CDBG Program Management at the Arizona Department of Housing. CAG will utilize the CDBG Application Handbook, already incorporated into the MOD by reference, as well as the components of the MOD to ensure that award is made on an objective basis.

### **APPLICATION DUE DATE TO ADOH**

Applications are due at the ADOH office, 1110 West Washington Street, Suite 310, Phoenix, Arizona 85007, no later than 4:00 p.m., Monday, July 1, 2014. CAG will be responsible for submitting all applications.

### **THRESHOLD REVIEW**

All Applications submitted to ADOH are subject to a Threshold Review. All applications must pass a five-point application review. First, costs must be necessary and reasonable. Second, the project must be ready to start. Third, the project's final result must demonstrate a "benefit." Fourth, the recipient must have the capacity to complete the project in a timely manner and adhere to all regulations, and finally, the project must comply with federal overlay statutes. Further information is provided in the ADOH Application Handbook Section 3.



**FY 2013 CDBG TAAP BILLING**

CAG staff will provide application technical assistance and advisory services to member entities during the FY 2014 Regional Account application process. Entities funded through the FY 2014 Regional Account application process will be billed by CAG for the number of hours of direct and indirect Technical Assistance for Application Preparation (TAAP) at an hourly rate of **\$75.00**. Entities participating in the FY 2013 CDBG Regional Account process are to budget funds for payment of TAAP fees. These budgeted funds may be from CDBG funds or from other resources.

**METHOD OF DISTRIBUTION APPROVAL**

This CAG MOD will be approved by the Central Arizona Governments Management Committee and the CAG Regional Council in September, 2013.