



CITY OF FLAGSTAFF



COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Introduction and Overview
&

Priority Setting for Program Years 2025 & 2026

What is CDBG?

Community Development Block Grant

- Federal grant program administered by the U.S. Department of Housing and Urban Development (HUD)
- Created in 1974 to provide funding for housing and community development activities, serving primarily low-and-moderate income individuals



Why does the City of Flagstaff receive CDBG funding?

- As a metropolitan city with a population over 50,000, Flagstaff is considered an **Entitlement Community**.
- The city receives an **annual allocation** based on a formula taking population, age of housing and other community information into consideration.



Other CDBG Requirements

- **Consolidated Plan** *“How should we decide what to do with the funds?”*
 - Five-year plan and assessment of housing and community development needs
- **Annual Action Plan** *“What will we do with the funds?”*
 - Outlines yearly funding allocations – Due in May
- **Consolidated Annual Performance Evaluation Report (CAPER)**
 - Summary of outcomes for prior year allocations – Due in September
- **Substantial and Minor Amendments**
- **Affirmatively Furthering Fair Housing – City Fair Housing Plan**

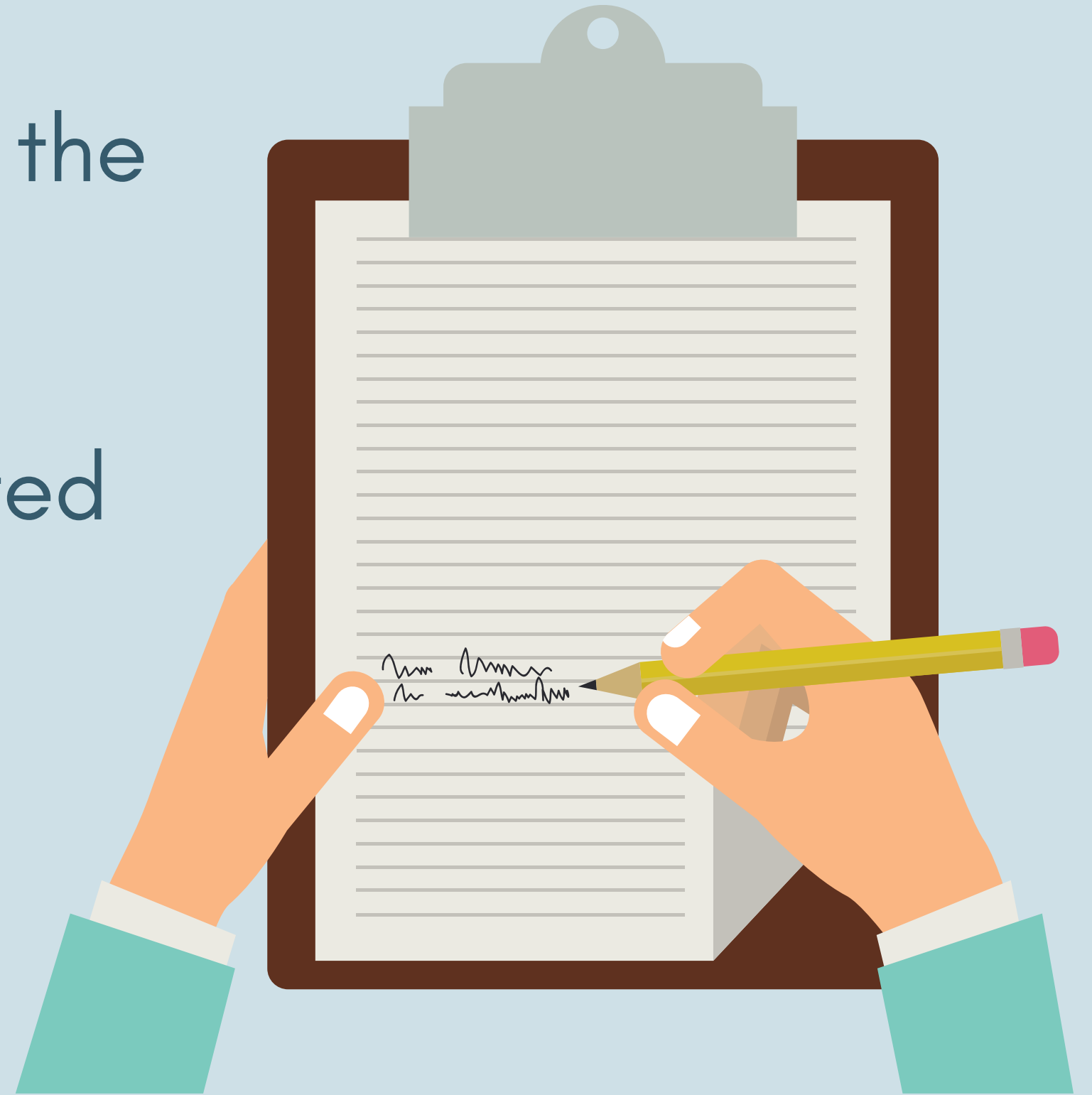


How can the City spend the money?

The easy answer...

The City can spend the funding as the City Council determines based on:

- needs identified in the City of Flagstaff Five Year Consolidated Plan,
- CDBG Primary Objective,
- CDBG National Objectives (one or more)



CDBG Primary Objective

The development of viable urban communities, principally for low-and-moderate income persons, by providing:

- decent, affordable housing
- a suitable living environment
- economic opportunities



19.8% of Flagstaff residents, 27% of children under 18, live below the poverty line (approx 50% AMI)

CDBG Primary Objective

Regulations require that 70 percent of CDBG funds be expended for activities that meet the primary objective and benefit low-and-moderate income (LMI) persons (80% AMI or below).

2024 Area Median Income Limits

Household size	30% - Extremely Low Income	50% - Very Low Income	60% - LIHTC Max	80% - Low Income
1	\$21,000	\$35,000	\$42,000	\$55,950
2	\$24,000	\$40,000	\$48,000	\$63,950
3	\$27,000	\$45,000	\$54,000	\$71,950
4	\$31,200	\$49,950	\$59,940	\$79,900
5	\$36,580	\$53,950	\$64,740	\$86,300
6	\$41,960	\$57,950	\$69,540	\$92,700
7	\$47,340	\$61,950	\$74,340	\$99,100
8	\$52,720	\$65,950	\$79,140	\$105,500

CDBG National Objectives

Activities funded must meet one of three National Objectives:

- benefit LMI persons
 - Limited Clientele
 - Area Benefit
 - Housing Benefit
 - Jobs
- aid in the prevention or elimination of slums or blight
- meet a need having particular urgency (i.e. disaster, emergency)



Limited Clientele

An activity exclusively benefiting persons who are presumed or determined to be low-income. At least 51% of all beneficiaries must be low-to-moderate income.

Presumed benefit groups include:
(Language from HUD)

- Abused/neglected children, Severely disabled adults, Migrant farm workers, Persons with HIV/AIDS, Survivors of domestic violence, Illiterate adults, Homeless, Seniors



Area Benefit

An activity that benefits all residents in a particular area, where at least 51% of the residents are low-to-moderate income.



Housing Benefit

An activity undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low-to-moderate income persons.

- Purchase assistance
- Acquisition
- Rehab
- New Construction*
 - *CDBO/CHDO Only



Owner Occupied Housing Rehab Program



Before



After

Job Creation / Retention

An activity designed to create or retain permanent jobs or provide financial assistance to microenterprises.

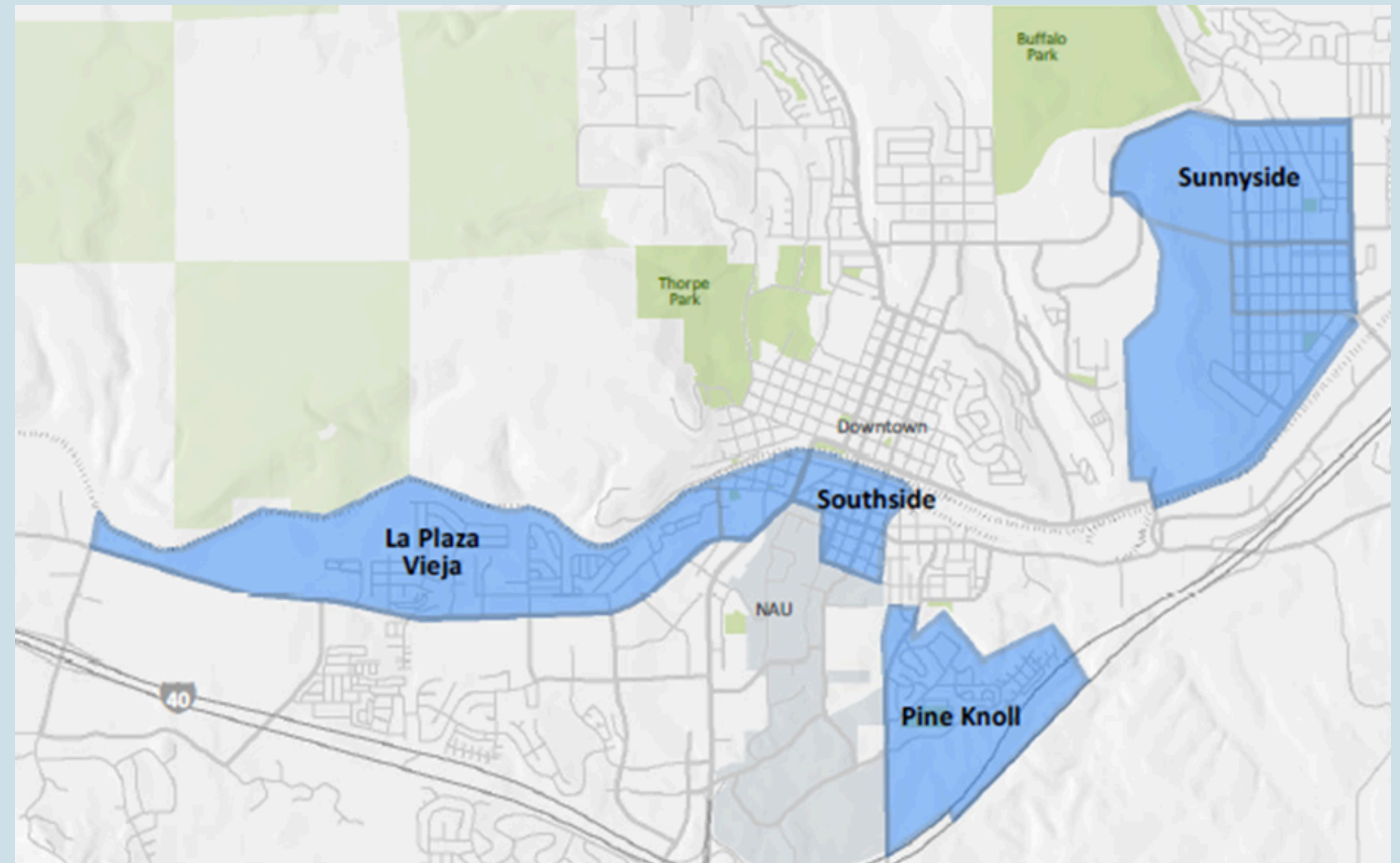
A minimum of 51% of jobs created or retained, computed on a full-time basis, must involve the employment of low-to-moderate income persons.



Target Neighborhoods

The City may designate target areas for CDBG projects in the Consolidated Plan. Target neighborhoods are identified by the low-income and minority concentration of households:

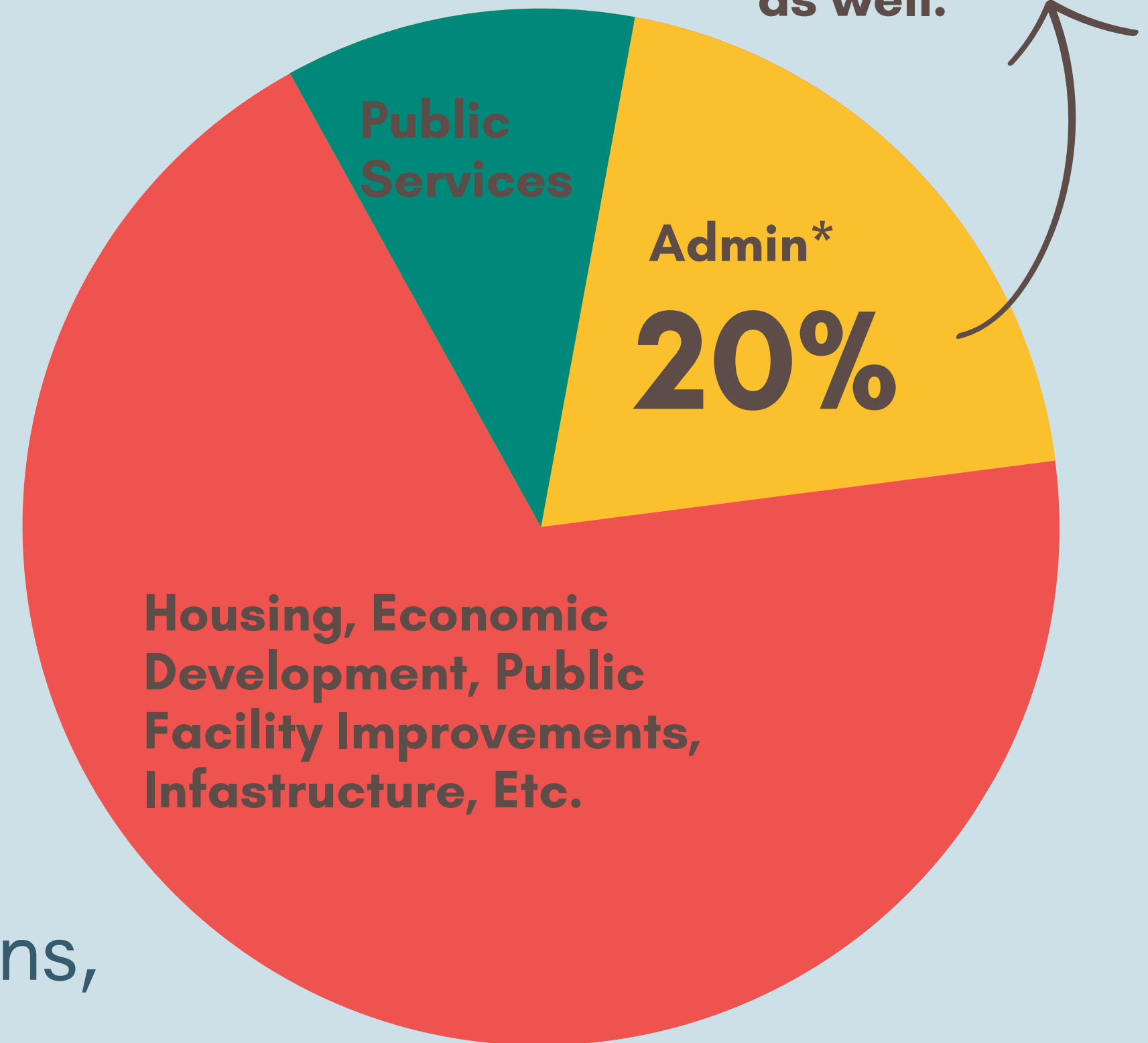
- La Plaza Vieja
 - Census Tract 11.02, Block Groups 1 & 3.
- Sunnyside
 - Census Tract 3, Block Groups 2, 3, & 4.
- Southside
 - Census Tract 8, Block Group 1.
- Pine Knoll
 - Census Tract 8, Block Group 2.



HUD Annual Funding Caps

Administration - 20% Max

- Management and oversight
- Program Coordination including staff salaries/indirect costs
- Fair Housing Activities
- Planning including neighborhood plans, community development plans, strategic plans, etc.



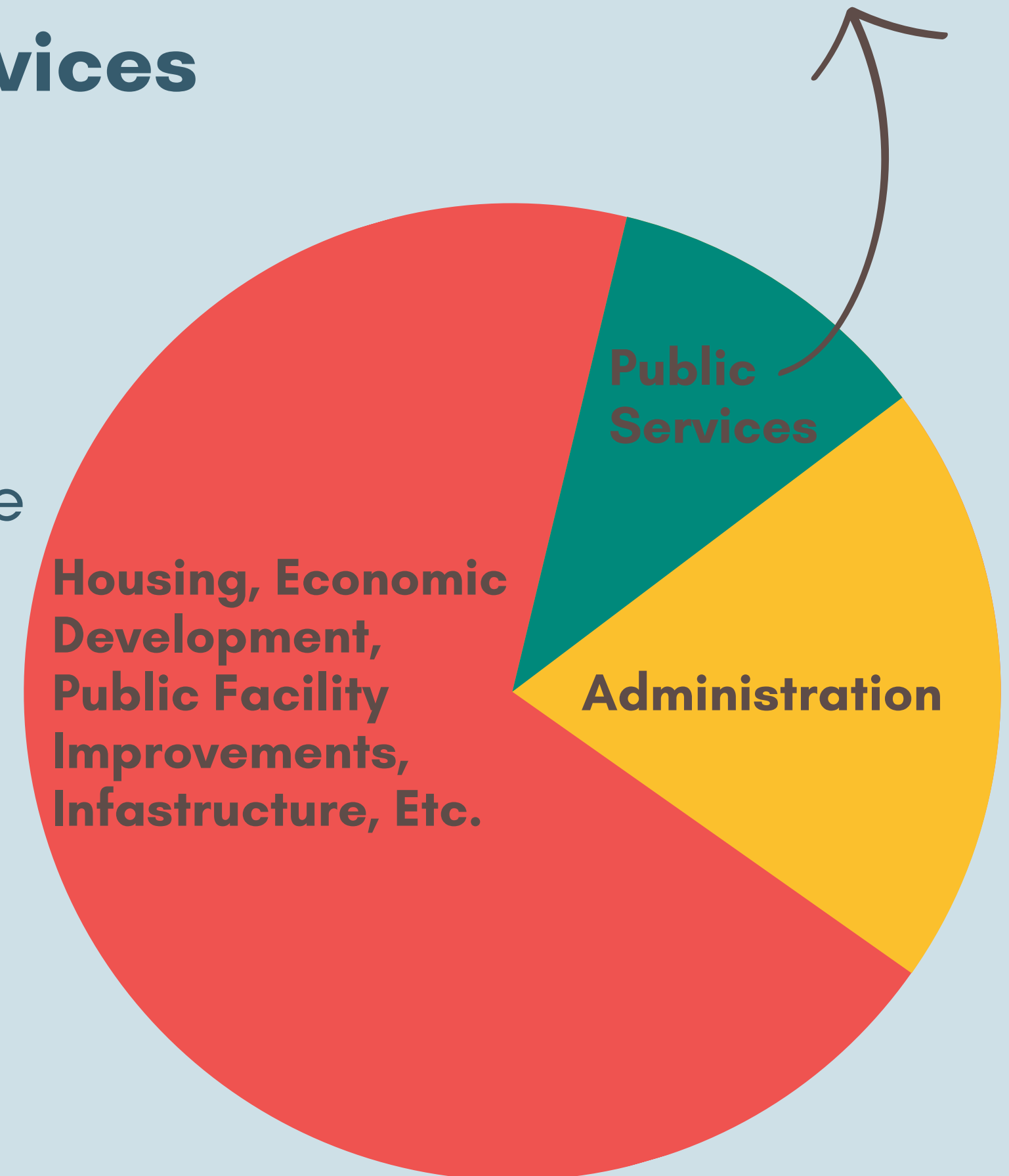
*This spending cap applies to subrecipients as well.

HUD Annual Funding Caps

15%

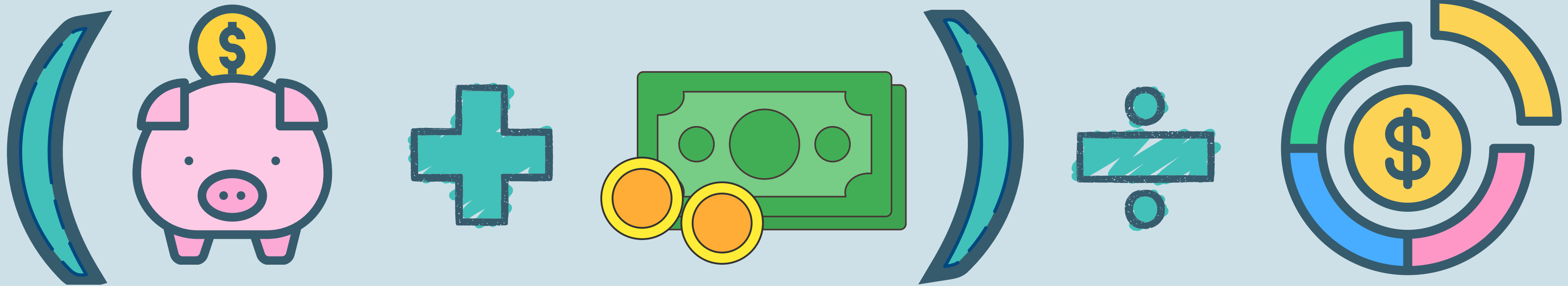
15% Spending Cap for Public Services

- Employment services (e.g., job training)
- Crime prevention and public safety
- Child care and Education Programs
- Health services including Substance abuse services (e.g., counseling and treatment)
- Fair housing counseling
- Energy conservation
- Services for senior citizens and homeless
- Welfare services, i.e. rental assistance
- Recreational services



Timely Expenditure

1.5 Rule: Grantees must have a balance of no greater than one and one-half (1.5) times its annual grant remaining in the Line of Credit, 60 days prior to the end of the Program Year.



**Line of
Credit**

**Program
Income**

**Annual
Grant**

What has changed in recent years?

- **Funding Amounts**

- PY 2003 (Highest Award) = \$758,000
- PY 2023 = \$541,191
- PY 2024 = \$588,146

- **Section 3, BABAA, VAWA, LEP LAP**

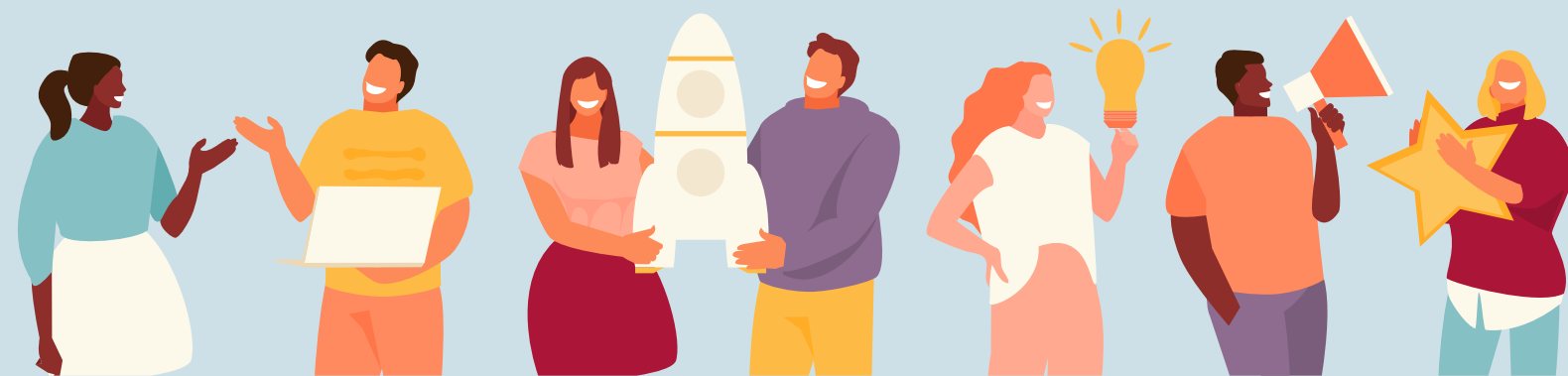
- New regulations = new reporting requirements and the need for updated policies and procedures



Proposal Process

Staff Responsibility

- Determine activity eligibility
- Assess viability
- Conduct risk assessment
- Proposal Ranking
- Public Participation
- Weighted scoring criteria



Public Participation

- City Council Priority Setting
- Ranking Committee
 - *Staff, Commission & Community Members*
- Public Meetings/Hearings
 - *Neighborhood, Proposal Review, Council Work Session*
- Public Comment Period
 - *30 days and prior to Council Resolution*
- Housing Commission Recommendation
- Final Council Approval
 - Resolution Approving Submission of AAP

Risk Assessments

Housing Staff Considers:

- Consolidated Plan Objectives
- Council Priorities
- Beneficiaries
- Community Need
- 10 Year Housing Plan
- Budget, Leverage, Cost Effectiveness
- Organizational/Federal Grant Experience
- Rate of Expenditure/Schedule
- Collaboration/ COC / Front Door

**The City of
Flagstaff is the
Responsible
Entity to HUD!**

Rules, Laws and Regulations

Federal Overlay Statutes

- Fair Housing
- Environmental Standards
- Labor Standards
- Testing (Asbestos and Lead)
- Procurement
- Equal Opportunity
- Relocation
- ADA Compliance

City Contract Requirements

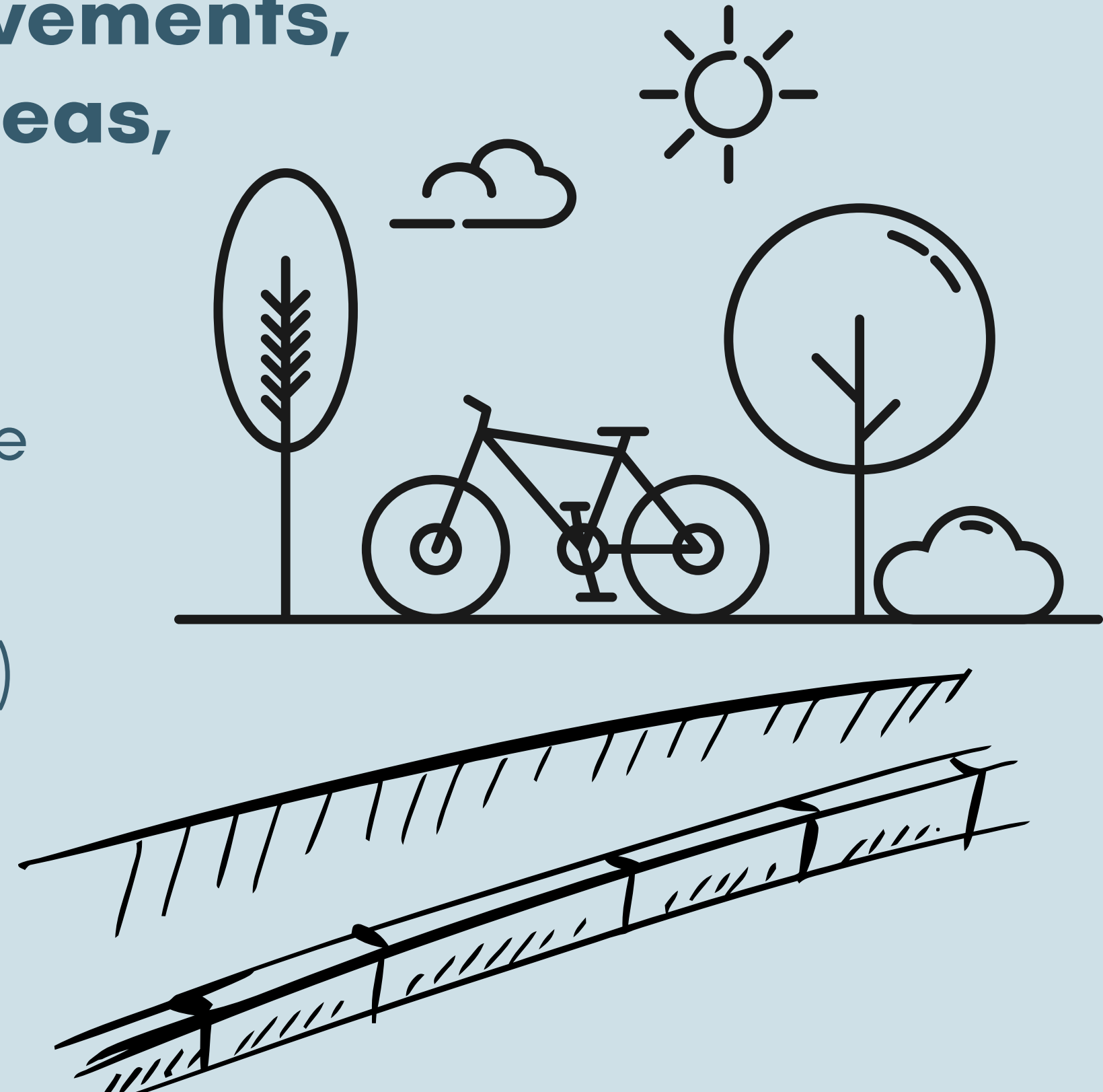
- Procurement Code
- Insurance
- Reimbursement Procedures
- Monthly Reporting
- Monitoring
- Contract Close Out
- Audit



Consolidated Plan Goals

Support neighborhood revitalization and public facilities and infrastructure improvements, especially in established target areas, including:

- Neighborhood revitalization including Public Facilities and Infrastructure Improvements (3,000 people)
- Public Facilities Improvements (100 people)
- Acquisition for Affordable Housing (100 people)



Consolidated Plan Goals

Support public services and economic opportunities for low-and moderate-income persons, including:

- Services to Meet Basic Needs (300 people)
- Workforce Development (15 people)
- Housing Stabilization Services (50 households)

Support services and projects addressing homelessness, including:

- Service and Facility Operating Support (1,500 people)
- Increase Shelter Beds/Units (15 beds/units)



Consolidated Plan Goals

Support the development, accessibility, and preservation of decent affordable housing, including:

- Rehabilitation of owner and/or renter households/units (20 units)
- Development of owner and/or renter affordable housing units (3 units)
- Housing Assistance for owner and/or renter households (50 households)



10 Year Housing Plan

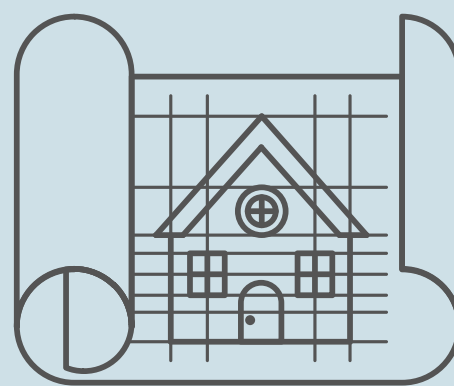
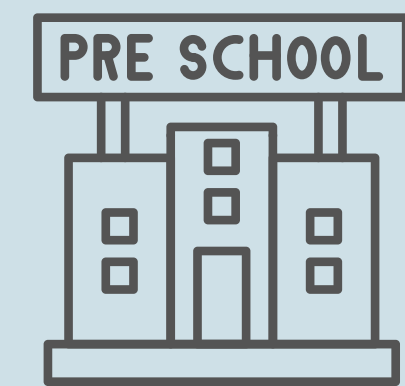
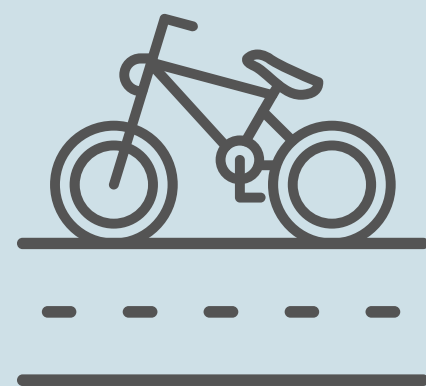
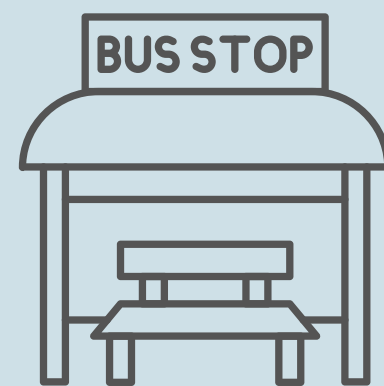
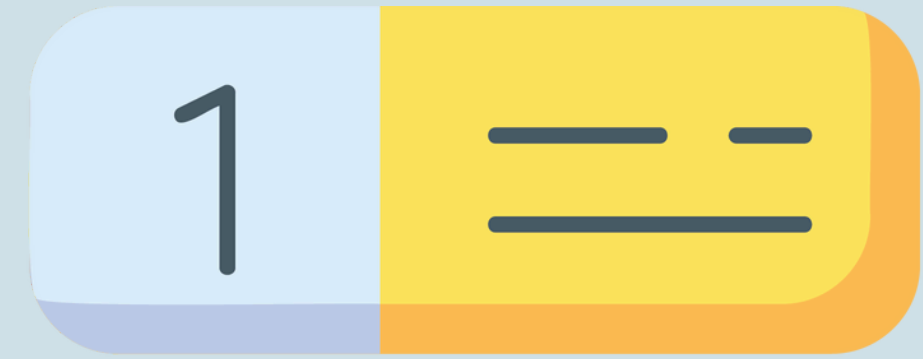
- Impact at least 6,000 low-to-moderate income Flagstaff residents through a combination of unit creation or subsidy provision.
- Create or preserve 7,976 housing units by 2031 with a minimum of 10% affordable.



CDBG Council Priorities

2023 and 2024 Council Priorities

- Housing - Rental and Ownership
- Addressing Homelessness
- Neighborhood Revitalization
- Workforce/Job Training



Program Year 2025 Annual Action Plan Public Participation

- **Public Meeting with A League of Neighborhoods (ALN)**

- *January 30th, 2025 - 3:30pm at the Market of Dreams*

- **Public Meeting - Notice of Funding Available (NoFA) Release**

- *February 6th, 2025 - 1:00pm at City Hall*

- *Proposals due March 3rd, 2025*

- **Public Hearing - Review of Submitted Proposals**

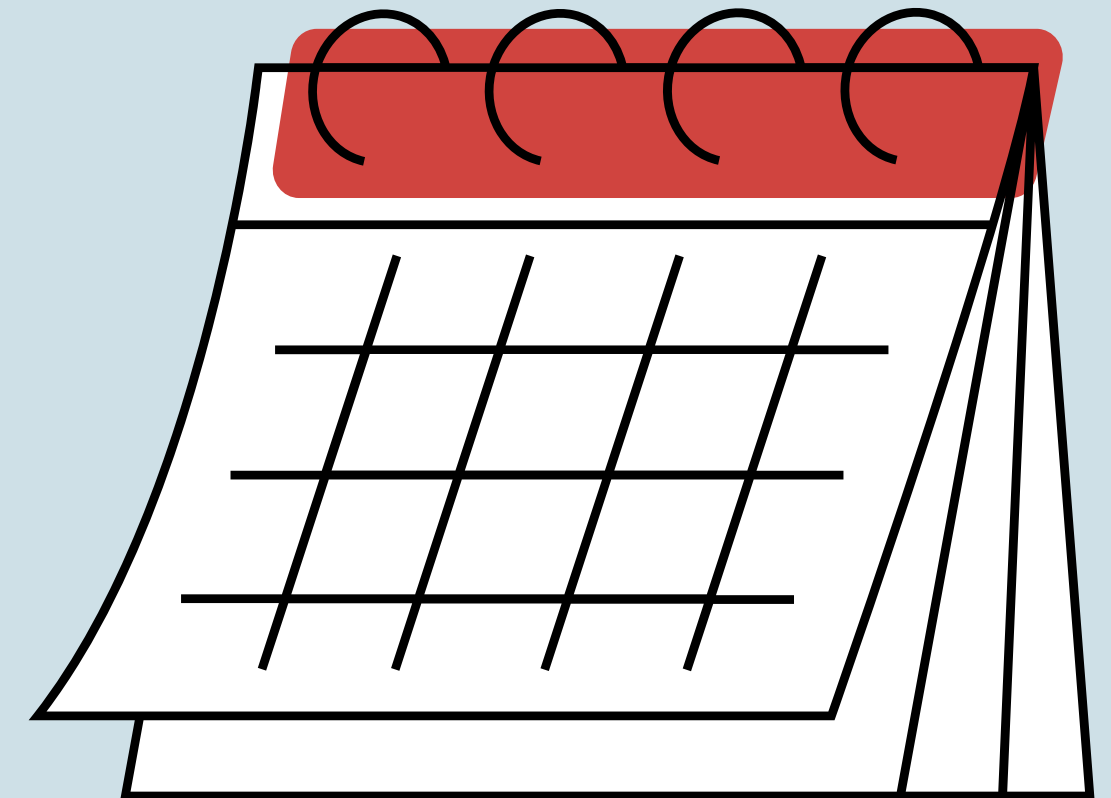
- *March 6th, 2025 - 3:00pm at City Hall*

- **Annual Action Plan Public Comment Period**

- *March 15th - April 15th*

- **Housing Commission and Council Presentations of Recommendations**

- **Resolution Approving Submission of AAP by May 15th, 2025 Due Date**



Questions, Suggestions & Next Steps

- Establish CDBG Funding Priorities for PY 2025 and 2026
- Sign up for our Newsletter
- Follow us on Facebook



Contact Information

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DOORS,
BRIGHTER
FUTURES**

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HOUSING
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