



Introduction and Purpose

In an effort to streamline the Substantial Amendment to the State of Arizona FY2019 HUD Action Plan, we are requesting that the Community Development Block Grant-Corona Virus (CDBG-CV) portion of Substantial Amendment 1 be replaced with this new CDBG-CV Substantial Amendment 2. The new CDBG-CV Substantial Amendment 2 reflects allocations for the total of all CDBG-CV1, 2 and 3 resources received through the Federal Coronavirus Aid, Relief and Economic Security (CARES) Act, and describes the planned uses of these funds. Emergency Solutions Grant – Corona Virus (ESG-CV resources and planned uses in the first FY2019 Substantial Amendment remain unchanged.) The FY2019 Annual Action Plan Substantial Amendment 2 following HUD’s prescribed format, will be amended as follows.

ES-05 Executive Summary

On March 27, 2020, the Federal Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law to assist states and communities in their efforts to prevent, prepare for and respond to the coronavirus COVID-19. The CARES Act included supplemental formula allocations to HUD’s CPD programs, including \$16,373,488 of ESG-CV2, \$5,743,880 of CDBG-CV1, \$18,139,425 of CDBG-CV2 and \$8,308,668 of CDBG-CV3 for the State of Arizona. This FY2019 Substantial Amendment 2 will reflect the allocations of CDBG-CV 1, 2 and 3, a total of \$32,191,973.00. CDBG-CV funds are administered by the Arizona Department of Housing (ADOH).

PR-15 Citizen Participation

The US Department of Housing and Urban Development (HUD) provided multiple waivers to program procedures to facilitate and expedite the use of these funds. Waivers included an ability to amend the Citizen Participation Plan (CPP) and allow for no less than five (5) days public comment period; a minimum of five (5) day prior notice of the public hearing; use of the internet to notify the public and make the Substantial Amendment available for public comment; and use of virtual meetings to allow for public and stakeholder input and comment. Arizona’s CPP was previously amended to reflect this expedited process.

On August 7, 2020, HUD issued a Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for CDBG-CV grants (FR-6218-N-01). The notice issued a corollary waiver and alternative requirement to permit states to extend citizen participation flexibilities to units of



local government. Arizona’s CPP was amended to reflect these flexibilities and to clarify minimum citizen participation requirements of units of local government.

A description of citizen participation efforts, including public notices, summary of public comments and responses to public comments will be added to the amendment after completion of the citizen participation process. A description of the schedule is available in appendix A.

AP-15 Expected Resources

The expected resources for CDBG-CV1 (\$5,743,880), CDBG-CV2 (\$18,139,425) and CDBG-CV-3 (\$8,308,668) programs are based on allocations announced by HUD.

AP-130 Methods of Distribution

Community Development Block Grant (CDBG-CV3)

The State of Arizona will implement the following waivers and requirements of FR-6218-N-01 for CDBG-CV resources:

1. Utilize more than 15% of the combined CDBG-CV resources for urgently-needed public services activities that are new or represent a quantifiable increase above the level of an existing service in the 12 calendar months preceding the State's submission of the substantial amendment and prevent, prepare for, and respond to coronavirus.
2. Reimburse documented and allowable costs and pre-award costs of eligible activities incurred on or after January 21, 2020 subject to the environmental review requirements of 24 CFR part 58 and citizen participation requirements of the State's Citizen Participation Plan.
3. Make available an amount equal to not less than CDBG-CV1 (\$5,743,880) to units of local government eligible to participate in the State CDBG program.
4. Carry out activities directly through employees, contractors and subrecipients in all geographic areas of the state, including entitlement areas and tribal areas with the written consent of the tribal jurisdiction.
5. Utilize no more than 30% of funds for urgent needs activities related to the prevention of, preparation for, or response to the coronavirus when activities provide evidence that other financial resources are or were not available to address the need.
6. Extend emergency grant payments on behalf of individuals and families for items such as food, clothing, housing (emergency rental or mortgage assistance) or utilities for up to six consecutive months. Emergency payments must be made to the provider of such items or services on behalf of an individual or family.
7. Require subrecipients and units of local government to report quarterly at minimum: 1) the amount of funds obligated and expended for each project or activity; 2) a detailed list of all such projects or activities, including a description of the project or activity; and 3) detailed information on any subcontracts or sub-grants awarded.

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8. For each activity require a duplication of benefits assessment to ensure that 1) no person, household, business, or other entity receives (or would receive by acting reasonably to obtain available assistance) financial assistance from any other source (including insurance), and 2) the total amount received does not exceed the total need for those costs.
 9. Require that any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries [e.g. units of local government, nonprofit organizations, households, businesses]) must agree to repay assistance that is determined to be duplicative or does not comply with CDBG program and/or cross-cutting regulations.

State Program Name:	CDBG-CV1, CDBG-CV2, CDBG-CV3
Funding Sources:	CDBG
Describe the state program addressed by the Method of Distribution.	CDBG-CV3 funds to prevent, prepare for and respond to the coronavirus COVID-19.



<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>The State of Arizona will utilize the following equally relevant criteria to select applications:</p> <ol style="list-style-type: none">1. CDBG-eligible activity that prevents, prepares for, or responds to the coronavirus COVID-19.2. Utilizes CDBG funding for costs that: a) are allowable, reasonable, and allocable under Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; b) do not duplicate financial assistance received from (or that would be received by acting reasonably to obtain available assistance) from any other source (including insurance); c) do not exceed the total need for financial assistance; d) were not incurred prior to January 21, 2020 subject to the environmental review requirements of 24 CFR part 58 and citizen participation requirements; e) for pre-award costs and costs to satisfy non-Federal share (match) requirements, documents compliance with CDBG procurement requirements or 2 CFR part 200 where the Federal granting agency imposes those requirements; f) evidence commitment in the form of a Legally Binding Commitment of all funding necessary to meet a CDBG National Objective and provide benefit (anti-speculation); g) evidence incorporation of Davis Bacon wage rates and relocation costs and compliance, where applicable.3. Documents compliance with the citizen participation requirements as described in the State’s Citizen Participation Plan.4. CDBG-eligible activity that is: a) exempt from the environmental review requirements, or meets the criteria for the exemption for improvements necessary to respond to an imminent threat to public safety as further described in CPD Notice 20-07 Guidance on conducting environmental reviews pursuant to 24 CFR Part 58 for activities undertaken in response to the public health emergency as a result of COVID-19; b) categorically excluded from the environmental
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	<p>review requirements and has documented compliance with §58.5 and §58.6 and the Section 106 Historic Preservation determination and prepared a public notice and Request for Release of Funds; or c) subject to an environmental assessment and the environmental assessment process is evident in and incorporated into the project timeline.</p> <ol style="list-style-type: none"> 5. For activities that will take place in whole or in part on tribal lands, has the written consent of the tribal jurisdiction. 6. Documents in the timeline quarterly reporting at minimum, to the ADOH as required by HUD for CARES Act funding. 7. Documents in the project timeline, budget and narrative description compliance with environmental review, federal labor standards, the Uniform Relocation and Real Property Acquisition Act, procurement and contracting, non-discrimination, financial records and audits, Section 3, and other CDBG program cross-cutting program requirements. 8. Documents in the project timeline that 80% of funds will be expended within 24 months, and the remaining 20% of funds will be expended within 48 months. 9. Agrees to repay or secure repayment from any person or entity receiving CDBG-CV assistance (including direct beneficiaries) assistance that is determined to be duplicative or does not comply with CDBG program and/or cross-cutting regulations. 10. Meets ADOH underwriting criteria including project readiness, organization capacity, certification that rehabilitation will meet (at a minimum) local building codes, properly zoned land for the proposed use, compliance with local ordinances, no party to the project is included on the Federal Excluded Parties List, evidence of ability to start within ninety (90) days of executing a funding agreement, ability to meet ongoing operating costs of a proposed facility, and in shelter or housing facilities individual units or ability to physically distance inhabitants.
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<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Two (2) RFPs called Notice of Funding Available (NOFA) were released in December 2020 for 1) the conversion, acquisition and/or rehabilitation of emergency or transitional housing which remains open at this time and 2) emergency subsistence payments which is now closed for new applications. Application materials are available on the ADOH website.</p> <p>In an effort to help address the economic and social impacts of COVID-19 to the local communities, ADOH will select projects to implement the public service and economic development activities. CDBG handbooks, including the Administration, Environmental Review and Procurement Handbooks are available on the ADOH website. Application requirements are further detailed in the ADOH Application Handbook.</p>
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Describe how resources will be allocated among funding categories.

The State of Arizona will allocate a total of \$32,191,973.00 for CDBG-CV including \$5,743,880 for CDBG-CV1, \$18,139,425 for CDBG-CV2, and \$8,308,668 for CDBG-CV3. Total funding resources will be allocated across the following funding categories for the total CDBG-CV allocation:

1. Technical Assistance - \$643,830 (2%) to subcontract with technical assistance providers to assist the Arizona Department of Housing in providing technical assistance towards meeting the statutory requirements of CDBG-CV as it pertains to statewide projects, as well as aiding units of local government with subrecipient agreements, compliance with CDBG cross-cutting requirements and other relevant activities.
2. ADOH Administration -\$321,919 (1%) ADOH will retain 1% for State Administration. Units of local government and subrecipient administrative funding is included in the outlined CDBG-CV eligible activities in this Amendment. Units of local government and subrecipients may utilize not more than 10% of their awarded project funding for CDBG-eligible administrative costs, including any developer fees.
3. Public Services- \$8,750,000 (27%) to a fund CDBG-eligible public service activity for CDBG eligible activities under the CDBG Low Moderate Income and Urgent Need National Objective.
4. Economic Development - \$1,000,000 (3%) to avoid job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low- and moderate-income persons
5. Subsistence Payments - \$1,450,000 (5%) Emergency payments to providers on behalf of individuals or families, such as food, clothing, housing (emergency rental or mortgage assistance) or utilities for up to six consecutive months. Direct administration by the State of Arizona

	<p>through subrecipient agreements</p> <p>6. Conversion, acquisition and/or rehabilitation of emergency shelter or transitional housing - \$20,026,215.00 (62%) for renovation, major rehabilitation, or conversion of buildings for use as emergency shelters or transitional housing for homeless individuals and families. Applications will be accepted for the conversion, acquisition and/or rehabilitation of emergency or transitional shelter until all funds are committed.</p> <p>ADOH maintains the ability to reprogram public service and economic development funds to other activities outlined in the Substantial Amendment 2 based on needs and within the guidelines of the Action Plan.</p>
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<p>Describe threshold factors and grant size limits.</p>	<p>Applications/projects will be funded only if the following threshold criteria are met on the date the application is received by the ADOH:</p> <ol style="list-style-type: none"> 1. The application is complete. 2. CDBG-eligible activity that prevents, prepares for, or responds to the coronavirus COVID-19. 3. Complies with all CDBG program regulations, cross-cutting regulations, and duplication of benefits requirements. 4. Complies with the citizen participation requirements as described in the State’s Citizen Participation Plan. 5. Written consent of the tribal jurisdiction, where applicable. 6. Agrees to repay or secure repayment if the assistance is determined to be duplicative or does not comply with CDBG program and/or cross-cutting regulations. 7. Activity or project is non-speculative. 8. Applicant evidences capacity (with all staff in place) to complete the project in a timely manner. <p>The ADOH will notify applicants that do not meet all threshold criteria by email and if applicable, will provide a timeline for the applicant to submit any additional information or support documentation that is necessary. Specific information will be provided detailing the timeline for completion of the environmental review process when applicable; the environmental review process must be completed within a specified timeline to receive further consideration for funding.</p> <p>There are no grant size limits.</p>
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<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>The State of Arizona estimates the following outcomes will result from the distribution of CDBG-CV1, 2, and 3 funds:</p> <ol style="list-style-type: none"> 1. Economic Development – will benefit 28 businesses. 2. Public services activities – subsistence payments and other public services – will benefit an estimated 63,400 Arizona residents. 3. The conversion, acquisition and/or rehabilitation of emergency shelter or transitional housing will add an estimated 250 emergency and transitional beds for Arizonans experiencing homelessness.
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AP-35 Projects

The following projects, as described in the method of distribution, will be included in the substantial amendment:

1. CDBG-CV Technical Assistance
2. CDBG-CV State Administration
3. CDBG-CV Public Services
4. CDBG-CV Economic Development
5. CDBG-CV Conversion, acquisition and/or rehabilitation of emergency shelter or transitional housing

Appendix A- Timeline and Budget

Week					Week					Week				
Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri
26-Apr	27-Apr	28-Apr	29-Apr	30-Apr	3-May	4-May	5-May	6-May	7-May	10-May	11-May	12-May	13-May	14-May
Finalize Public Comment Material			Release public comment Notice											
Public Comment period														
						Public Comment webinar								
										Review and approval of Action Plan Amendment with updated comments/Approval by AZ				
														Send Finalize Action Plan to HUD

- State Actions
- GH Actions
- State & GH Actions

Appendix B: Revised Budget

Proposed Activities	Proposed Total
Technical Assistance	\$643,839.00
Admin	\$321,919.00
Public Service	\$8,750,000.00
Economic Development	\$1,000,000.00
Subsistence Payments	\$1,450,000.00
Conversion, acquisition, rehabilitation	\$20,026,215.00
Proposed Total	\$32,191,973.00
Proposed 70% LMI Allocation	\$22,534,381.10

Break-down of the Public Service and Economic Development Programs	
Public Service Programs	
2-1-1 Crisis Services Line (SFY 2022)	\$ 2,500,000.00
Area Agencies on the Aging	\$ 2,500,000.00
Double Up Food Bucks Program	\$ 1,000,000.00
Regional Food Bank Assistance	\$ 1,750,000.00
Fresh Produce Initiative Statewide	\$ 1,000,000.00
Economic Development Programs	
We Are One: Small Business Community	\$ 1,000,000.00

Key
LMI Projects

Appendix C: Public Notice & Citizen Participation Plan Overview

**State of Arizona Citizen
Participation Plan and FY2019
HUD Annual Action Plan Substantial
Amendment 2 for CDBG-CV CARES Act
Funding**



May 5, 2021



Agenda

- 1** Citizen Participation Plan (CPP) Amendment
- 2** CDBG Overview & Planned Uses
- 3** CDBG-CV Program Rules Waivers and Alternative Requirements
- 4** Method of Distribution

Citizen Participation Plan Amendment

Citizen Participation Plan (CPP) Amendment

Notices

- May be posted prominently on local government website.
- Newspaper advertising optional.
- Distribution to mailing list suggested.
- May combine public hearing and public comment notices in one publication.

Public review and comment period – minimum of five (5) days

- Must make available a preliminary budget and description of each activity prior to the second public hearing.

Public hearings

- May be held virtually.

Substantial amendment requires new citizen participation process.

Accommodations for non-English speaking residents & persons with disabilities, provision of technical assistance, grievance/complaint procedures, notice translation, public access to records, documentation and certification of compliance procedures apply.



CDBG-CV Overview & Planned Uses

CDBG-CV Overview

Community Development Block Grant Overview

Community Development Block Grants (CDBG) provide annual grants to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. ***CDBG-CV grants are subject to the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and the funds are to be used to prevent, prepare for and respond to coronavirus.***

CDBG-CV funding can be used to prevent, prepare for, and respond to coronavirus by:

- Creating or improving community infrastructure, facilities, and services for the public.
- Providing for the retention of jobs for low- and moderate-income people.
- Providing planning and technical assistance to grantees.
- Funding other eligible activities as required or necessary to respond to coronavirus.

CDBG-CV Overview

Each CDBG-CV activity must:

- Address a **COVID-related impact** (direct or indirect) in a Presidentially-declared area for the covered disaster
- Be a CDBG **eligible activity** (described in the next slide)
- Meet 1 of 3 CDBG National Objectives summarized below:

Slum & Blight Aid in the prevention or elimination of slums or blight in a designated area.

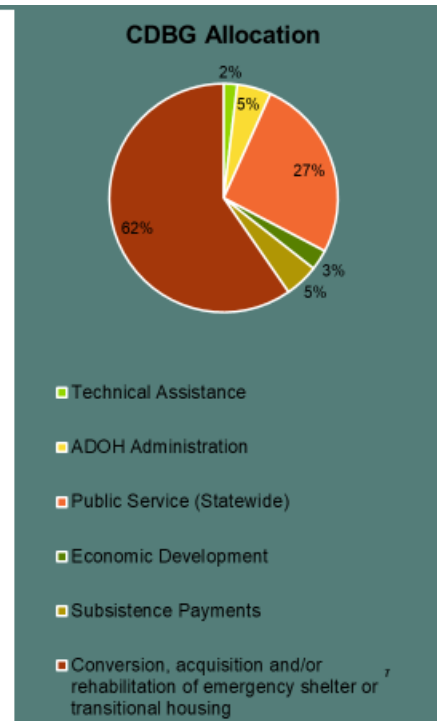
Low-Moderate Income This is a primary national objective. 70 percent of the CDBG-CV award for activities must benefit low- and moderate-income (LMI) persons.

Urgent Need Meet a need having a particular urgency/emergency (referred to as urgent need).

Community Development Block Grant Coronavirus Response (CDBG-CV1, CV2, and CV3) Planned Uses

2%	Technical Assistance
1%	ADOH Administration
27%	Public Service (Statewide)
3%	Economic Development
5%	Subsistence Payments
62%*	Conversion, acquisition and/or rehabilitation of emergency shelter or transitional housing

*17% Rural Set aside, 49% statewide



Community Development Block Grant Coronavirus Response (CDBG-CV1, CDBG-CV2, and CDBG-CV3) Planned Uses

	Total Proposed
Technical Assistance	\$643,839.00
Admin	\$321,919.00
Public Service	\$8,750,000.00
Economic Development	\$1,000,000.00
Subsistence Payments	\$1,450,000.00
Conversion, acquisition, rehabilitation	\$20,026,215.00
Calculated Total	\$32,191,973.00



**CDBG-CV Program
Rules, Waivers, and
Alternative
Requirements**

CDBG-CV Program Rules, Waivers, and Alternative Requirements

FR-6218-N-01 issued August 7, 2020

- All geographic areas of the State.
 - \$5,743,880 set-aside for units of local government eligible to participate in the State CDBG program.
 - Includes Rural Government and localities Technical Assistance funding.
 - Activities taking place on or serving people on tribal lands require written consent of tribal jurisdiction.
- State may carry out activities directly through employees, contractors, and subrecipients in all geographic areas of the State.
- Documented allowable and pre-award costs incurred on or after January 21, 2020 may be reimbursed, when:
 - Environmental review is completed, or activity is exempt.
 - Generally limited to public service activities.
 - Citizen participation process activity description includes pre-award costs.

CDBG-CV Program Rules, Waivers, and Alternative Requirements

- Public service activities may exceed 15% of the allocation:
 - Must be new or represent a quantifiable increase above the level of an existing service in the 12 calendar months ending November 30, 2020.
- Emergency grant payments* on behalf of individuals and families allowed for up to six consecutive months:
 - Payments must be made to the provider of items or services on behalf of the eligible individual or family.
- Procurement requirements imposed by other Federal grants may be used to satisfy procurement requirements for non-Federal cost share (match).
- Other Federal agency must impose requirements of 2 CFR part 200.

CDBG-CV Program Rules, Waivers and Alternative Requirements

80% Spend	Remaining 20%
\$25,753,578.40	\$6,438,394.60

Cross-cutting requirements (environmental review, citizen participation, labor standards, Uniform Relocation Act (URA), anti-speculation, etc.) apply unless noted.

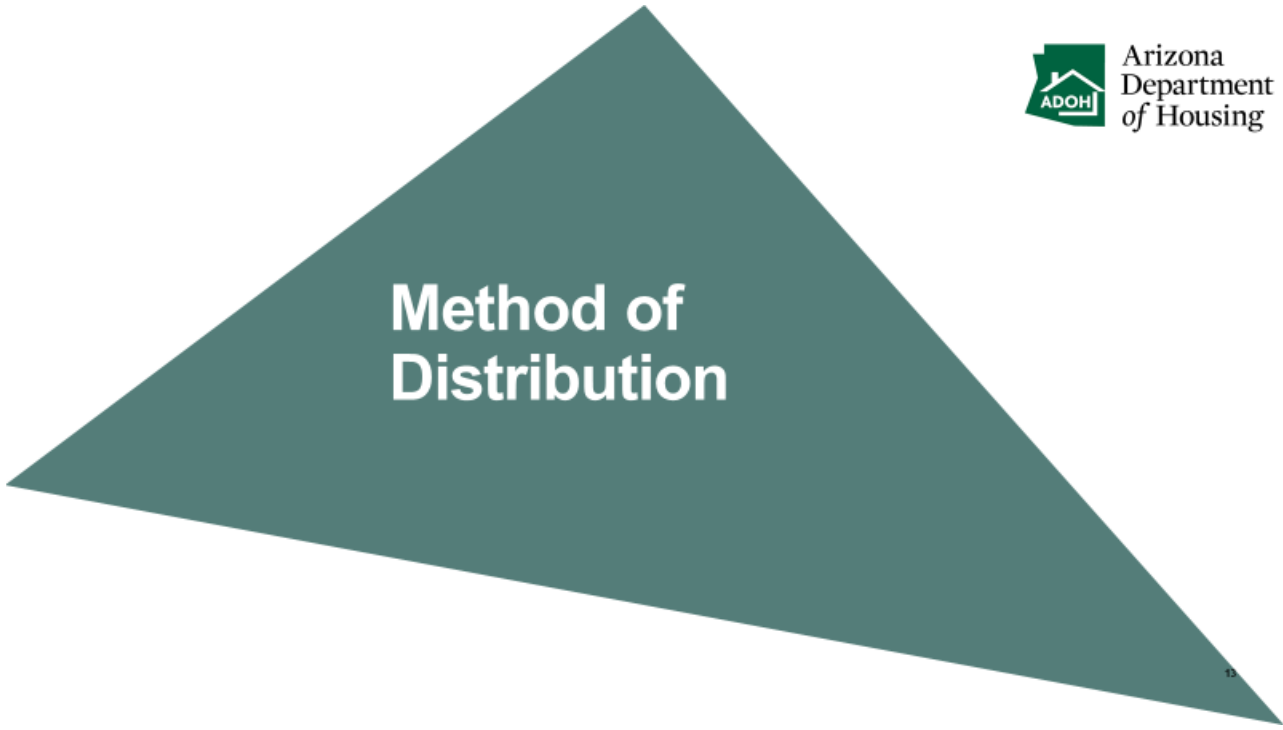
Quarterly & Monthly reporting:

- Detailed list and description of all projects and activities implemented.
- Funds obligated and expended for each project or activity.
- Detailed description of subcontracts and/or subgrants awarded.

All subrecipients and direct beneficiaries must agree to repay assistance that is determined to be duplicative or does not comply with CDBG program and/or cross-cutting regulations.

- Includes units of local government, nonprofit organizations, families/households, and businesses.

80% of funds must be expended by September 30, 2022 and the remaining 20% by September 30, 2023



Method of Distribution

Emergency Shelter / Transitional Housing Method of Distribution

ADOH issued two (2) Notice of Funding in December 2020

- Applications accepted until all funds committed.
- NOFA describes requirements and process.

Minimum Requirements

- Result in individual units or evidence ability to physically distance inhabitants.
- Evidence ability to meet ongoing operating costs.
- Underwriting
 - Readiness, organization capacity, compliance with zoning and local codes and ordinances, cross-cutting requirements.

Public Service Method of Distribution

DES/Area Agency of Aging

- Funds to assist seniors with family caregiver support, adaptive aids and devices, and delivered and congregate meals.
- Funds will be available from September 2021 to September 2022.

DES/Hunger Programs

- Funds will be made available for regional and community food bank assistance and Supplemental Nutrition Assistance Programs.
- Funds will be available from September 2021 to June 2022.

DES/2-1-1 Crisis Service Line Program

- Funds to provide Arizona residents with a centralized resource to obtain information in response to COVID-19 and ease the increased socioeconomic strains placed on them as a result of the pandemic.
- Funds will be available from September 2021 to June 2022.



Economic Development Method of Distribution

YWCA- Southern Arizona

- Funds to assist small business recover revenue losses due to COVID-19 pandemic impacts (e.g., forced business closures, curfews, public health regulations that increase costs (PPE))
- Funds available through application process through YWCA- Southern Arizona until funds are expended



Other Methods of Distribution

Technical Assistance

- \$643,839 allocated for technical assistance.

Administrative

- \$321,919 allocated for administrative costs.

Emergency Subsistence Payments

- ADOH issued two (2) Notice of Funding in early December 2020.
- Applications accepted until all funds committed.
- NOFA will describe requirements and process.
 - The Emergency Subsistence NOFA is closed; The Public Facility NOFA is still available





Contact



Accept written comments through:

May 10, 2021

Submit written comments to:

publiccomment@azhousing.gov

