
Arizona Department of Housing 2020 Information Bulletin

REGARDING PROGRAMS: Community Development and Revitalization, Rental Development and Special Needs

REGARDING FUNDING SOURCES: ESG-CV2, CDBG-CV1 and CDBG-CV2

INFORMATION BULLETIN No. 42-20

ISSUED: November 12, 2020

RE: Notice of Public Comment Period and Public Hearing – State of Arizona Citizen Participation Plan and Substantial Amendment to the FY2019 HUD Action Plan for Emergency Solutions Grant (ESG-CV2), and Community Development Block Grant (CDBG-CV1 and CDBG-CV2) CARES Act Funding

On March 27, 2020 the Federal Coronavirus Aid, Relief and Economic Security Act (CARES) 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 US Department of Housing and Urban Development (HUD) programs, including \$16,373,488 ESG-CV2, \$5,743,880 CDBG-CV1 and \$18,139,425 CDBG-CV2 for the State of Arizona. The addition of ESG-CV2, CDBG-CV1 and CDBG-CV2 funds requires a substantial amendment to the FY2019 HUD Action Plan.

The Arizona Department of Housing (ADOH) will hold a virtual public hearing via webinar to receive input on the Citizen Participation Plan and FY2019 HUD Action Plan substantial amendment on **November 19th, 2020 at 11:00AM (MST)**. The hearing will provide for online commenting.

To join the public hearing, you will need to click the link below to register to be an active participant. Once you are registered, you will receive the meeting link. <https://us02web.zoom.us/j/82584667411?pwd=Z29wZlIreTNCc0t6bGh1Nitqd01XUT09>

A summary of the substantial amendment is described below. The Citizen Participation Plan and Substantial Amendment are also available in draft form for public review and comment beginning **Friday, November 13th, 2020 and November 20th, 2020** at <https://housing.az.gov/documents-links/publications>.

ADOH will accept written comments through **November 20th, 2020**. Please direct questions and comments to publiccomment@azhousing.gov.

Citizen Participation Plan Amendment Summary

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, use of the internet to notify the public and make the Substantial Amendment available to the public, and use of virtual meetings to allow for input and comment. Arizona's CPP was 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.

ESG-CV2 Substantial Amendment Summary

ESG-CV2 funds are administered by the Arizona Department of Economic Security (DES). The DES will distribute ESG-CV-2 funds through a grants process pursuant to Arizona Revised Statutes (ARS) 41-2703. ARS 41-2703 provides for a waiver of solicitation and award procedures for the duration of the public health emergency so as to not delay critical resources from being deployed. Outreach will be conducted throughout Arizona to identify potential agencies in need of resources to prevent, prepare for or respond to the coronavirus.

In addition to implementing activities eligible under HUD Notice CPD 20-08: Waivers and Alternative Requirements for the Emergency Solutions Grants (ESG) Program Under the CARES Act and subsequent HUD policy, guidance or approved waivers, the DES will approximately allocate ESG-CV-2 funds as follows. The actual distribution among eligible activities will be determined through the grants process.

1. Street Outreach – 9.5% (\$1,555,481).
2. Emergency Shelter – 21% (\$3,438,432).
3. Homelessness Prevention – 15% (2,456,023).
4. Rapid Rehousing – 50% (\$8,186,744).
5. HMIS Activities – 2.5% (\$409,337).
6. Administration – 2% (\$327,470).

To be responsive to Arizona's needs in preparing for, preventing, and responding to the coronavirus and its impacts on people at risk of or experiencing homelessness, the State of Arizona will routinely reevaluate funding decisions throughout the period of ESG-CV2 performance. The State of Arizona may reprogram ESG-CV2 funding between activities based on infection control needs and response efforts.

CDBG-CV1 and CDBG-CV2 Substantial Amendment Summary

CDBG-CV1 and CDBG-CV2 funds are administered by the Arizona Department of Housing (ADOH). The ADOH will approximately allocate CDBG-CV1 and CDBG-CV2 funds as follows. The actual distribution among eligible activities will be determined through RFP and grants processes:

1. Technical Assistance - \$57,439 (0.2%) to Rural Councils of Government to assist units of local government with subrecipient agreements and compliance with CDBG cross-cutting requirements.
2. ADOH Administration - \$321,919 (1%). Units of local government and subrecipients may utilize up to 10% of a funding award for CDBG-eligible administrative costs, including any developer fees.
3. Public Services, including non-Federal Share (Match) Requirements - \$7,934,427 (24.6%) to the Arizona Department of Emergency and Military Affairs to directly administer funds to a) fund CDBG-eligible public service activities and b) match FEMA Public Assistance funds for CDBG eligible activities under the CDBG Urgent Need National Objective.
4. Subsistence Payments - \$2,500,000 (7.8%) for 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. Subsistence payments will be directly administered by the State of Arizona through subrecipient agreements with organizations identified through an RFP process.
5. Conversion, acquisition and/or rehabilitation of emergency shelter or transitional housing - \$13,069,520 (54.7%). \$5,686,441 will be set-aside for units of local government eligible for the State CDBG program. Under the set-aside, conversion, acquisition and/or rehabilitation may be undertaken directly by an eligible unit of local government or through a subrecipient agreement with a nonprofit organization. Conversion, acquisition and/or rehabilitation of emergency shelter or transitional housing projects will be identified through an RFP process.



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