



Legislation Text

File #: 23-351, **Version:** 1

Resolution to amend the 2020-2024 Consolidated Plan and 2023 Annual Action Plan to enable the City of Colorado Springs to apply for the U.S. Department of Housing and Urban Development's Section 108 Loan Guarantee Program

Presenter:

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Summary:

The Housing and Community Vitality Department administers HUD funds for the City of Colorado Springs. The Community Development Block Grant (CDBG) is one of three entitlement grants the City receives from HUD annually. The Housing and Community Vitality Department is required to seek Council approval by resolution for any substantial amendment of the City's HUD plans. The reason for this substantial amendment is a proposed increase in the annual HUD program budget that exceeds 20%.

The Section 108 Loan program is a flexible source of financing for HUD participating jurisdictions to leverage up to five times the amount of their annual CDBG allocation in the form of a loan. Two main steps are required for the City to apply for the HUD Section 108 Loan: First, is to invite the public to provide comment and input on the proposed addition of the Section 108 Loan as a new funding strategy in the annual and five-year plans. Second, to conclude the public process, is for City Council to approve the resolution to amend the City's annual and five-year HUD plans.

The Section 108 Loan will be used as gap financing to redevelop the Senior Center at Golf Acres. Without this loan, the City will not be able to fund this capital project for this fast growing and vulnerable population.

Background:

The City of Colorado Springs is a U.S. Department of Housing and Urban Development (HUD) entitlement grantee and receives allocations of federal block grant funds under the Community Development Block Grant Program (CDBG). The purpose of the funds is to benefit low- and moderate- income residents of Colorado Springs. The elderly are a presumed low-income population in the program. To be eligible to receive the annual entitlement grants, the City must develop and submit to HUD an Action Plan every year, identifying activities for the coming program year. Each year, the Housing and Community Vitality Department presents the Action Plan for Council approval. Every five years, the department presents a five-year, Consolidated Plan (a strategic plan) for Council approval.

Over the past three years, a collaborative effort among the Housing and Community Vitality Department, City Finance Department, City Facilities Division, City Real Estate Services Division, and the Pikes Peak YMCA has overseen the planning, design, public involvement, and project

management efforts for the redevelopment of the Golf Acres complex and reconstruction of the Senior Center.

This year, the design for the new Senior Center was completed and a general contractor was selected to construct the new facility. The total budget for the redevelopment of the Senior Center is \$16 million dollars. Sources of funds include the American Rescue Plan Act (ARPA), covering most of the budget at \$10 million dollars and HUD Section 108 Loan funds to fill the current financing gap of \$6 million dollars.

The Housing and Community Vitality Department met with HUD Section 108 Loan representatives in August 2023. During the meeting, HUD provided broad support for the project and confirmed eligibility of the Section 108 loan funds to be used for the redevelopment of senior center at Golf Acres. HUD reviews and underwrites the City's application upon completion of the public engagement process and Council approval of the resolution.

Previous Council Action:

Council approved the previous two amendments to the Consolidated Plan in order to receive the CARES Act funds. This will be the first amendment to the 2023 Annual Action Plan.

Financial Implications:

The 2020-2024 Consolidated Plan and the 2023 Annual Action Plan require a substantial amendment when there is a more than a 20% change in the annual HUD program budget. The Section 108 Loan application to HUD for up to \$6 million dollars, qualifies as a substantial amendment. Any substantial amendment must be approved by City Council at a public hearing through a resolution.

The HUD Section 108 Loan program is a flexible source of financing for Cities to leverage up to five times the amount of their annual Community Development Block Grant (CDBG). In a typical year, \$800,000 of CDBG funds are allocated to Public Facilities and Infrastructure benefiting low- to-moderate income populations. In the instance that the entire \$6 million dollar Section 108 loan is disbursed for the Golf Acres Senior Center redevelopment, the total principal and interest payment per year is estimated at \$500,000.

The amended versions of the 2020-2024 Consolidated Plan and Annual Action Plan provide the specific changes related to the proposed Section 108 funding in highlighted yellow text. A summary to the changes is located on the first page of text in both plans. Additionally, the section named Anticipated Resources provides a table with an additional line item for the proposed Section 108 loan funding source.

City Council Appointed Board/Commission/Committee Recommendation:

N/A

Stakeholder Process:

Substantive public engagement is essential to effectively meet the needs of our residents and understand what people are experiencing and what our residents care about. We solicit involvement by residents and the organizations and agencies that serve low/moderate income (LMI) persons.

The Housing and Community Vitality Department is required to adhere to the City's Citizen Participation Plan for use of all HUD funds and encourages community members, especially

underserved and LMI populations to participate in the development of a plan, report, or amendment. For this substantial amendment, the department will complete the following:

- Provide notice to inform the public of the substantial amendment, the comment period, and public meeting. Public notices are published in a paper of record, The Gazette.
- Additional public noticing occurs through a department newsletter and City website.
- Providing the public a 30-day comment period regarding this substantial amendment.
- Conducting a public hearing, with availability to attend in person, by phone, or virtually.
- City Council approval (which includes additional public meetings at time of resolution introduction, then resolution approval).

The amended versions of the 2020-2024 Consolidated Plan and Annual Action Plan provide the specific changes related to the proposed Section 108 funding in highlighted yellow text. A summary to the changes is located on the first page of text. In the Citizen Participation Outreach section, a summary of public comments will be included in the 2023 Annual Action Plan once the public review process for the substantial amendment concludes.

Alternatives:

Council can choose to not approve the resolution to amend the 2020-2024 Consolidated Plan and 2023 Action Plan, which will eliminate the ability for the City to apply to the HUD Section 108 Loan program and leave the senior center reconstruction project unfunded.

Proposed Motion:

Approve the resolution to amend the 2020-2024 Consolidated Plan and 2023 Annual Action Plan to apply for a Section 108 Community Development Block Grant loan to redevelop the Colorado Springs Senior Center.

N/A