

Input from Public Presentation and Written Comments

2020 HUD Action Plan

In lieu of public meetings, Denver published a public presentation on its website to provide a review of the 2020 Action Plan, 2019-2023 Consolidated Plan amendment, and Citizen Participation Plan amendment. This presentation was available for the full 5-day comment period, and was narrated in English and Spanish. The presentation slides and transcript were also published in English and Spanish.

The comment period and the availability of both the draft plans and the presentation were advertised extensively through several channels, including: newspaper notification, press release, email distribution to stakeholder groups and City Council, distribution of flyers in English and Spanish, and social media postings. Advertisement began on Tuesday, May 5, 2020 and the plans and presentations were posted on Monday, May 11, 2020. Public comments and questions were received until Saturday, May 16, 2020. Residents and stakeholders were provided several methods of feedback: via phone, email, or mail. Paper copies of the plan were available upon request.

Denver received several questions via phone, and several comments via written email. The questions, and Denver's responses, are listed first below. The written submitted comments follow.

Questions and Answers regarding 2020 Action Plan:

Q: Projects 21, 22, and 25 include original 2020 allocated funds in addition to COVID-19 funding. What projects were originally funded with those dollars (what is not being funded now)?

A: This version of the 2020 Action Plan is not an amendment. The original 2020 Action Plan draft posted by Denver in March 2020 was never approved by HUD due to the increased onset of COVID-19 and the CARES Act during the original comment period. However as compared to the projects listed in that first published draft, the current 2020 Action Plan made the following reductions:

- Project 3, Land Acquisition and Rehab, was reduced from \$2,200,000 to \$900,000.
- Projects 12 and 13, the business lending projects, were reduced from roughly \$900,000 each to \$750,000 each.
- Project 16, Neighborhood Facilities and Improvements, was reduced from \$1,430,000 to \$1,008,500.

Q: Project 6, Reserved for For-Sale Development and Preservation, is listed at \$0. Was that reduced from the original version of the plan?

A: No, the original version was also listed at \$0. Denver includes the project in the event a for-sale housing development activity arises during the program year, which is common. However at the time of the draft no for-sale development projects outside CHDO activities are in the pipeline.

Q: Was the funding for any housing projects reduced? What about the Land Acquisition and Rehab project; was it for housing?

A: No, none of the housing projects were reduced. The Land Acquisition and Rehab project included neighborhood and other catalytic activities; it was not originally for housing.

Q: Project 22, for COVID-19 response activities, includes roughly \$850,000 HOME funds. What project were the HOME funds pulled from to fund COVID-19 activities?

A: Between the publication of the original 2020 Action Plan draft and the current 2020 Action Plan, additional HOME funds were added to Denver's anticipated resources as a result of activity repayments. Therefore the additional HOME dollars listed in Project 22 are newly available HOME funds, and none of the originally listed HOME-funded projects were reduced.

Q: Over \$12,000,000 in CDBG-CV funds were recently allocated to the State of Colorado. Does Denver receive any of those funds? How do they work into the Action Plan?

A: Not necessarily. The State can choose to allocate some of those funds to activities in Denver if they wish but they are not required to (this option is only available on the CV funds, and not normal CDBG allocations). The funds belong to the State of Colorado so any funds they allocate to activities in Denver would appear in their Action Plan, not Denver's.

Q: Is Denver receiving \$12,000,000 in CDBG-CV funds in the CARES Act Round 3 allocation?

A: It is too early to know. Under the CARES Act, HUD is directed to allocate up to \$2,000,000,000 in CDBG-CV funds in Round 3 to entitlement jurisdictions based on a new formula. The new formula is "to be based on:

- public health needs,
- risk of transmission of coronavirus,
- number of coronavirus cases compared to the national average,
- economic and housing market disruptions, and
- other factors, as determined by the Secretary".

On May 11, HUD released [information about the formula](#) it used to calculate the CARES Act *Round 2* allocation, which was to be based on the same factors. However it is not guaranteed HUD will use the same formula for Round 3. Round 2 went to states and insular areas only.

Q: Will Denver receive any portion of the State’s Coronavirus Relief Fund allocation? Did Denver receive a Coronavirus Relief Fund allocation?

A: Not necessarily. The State can choose to allocate some of those funds to activities in Denver if they wish but they are not required to do so. Yes, Denver received a Coronavirus Relief Fund allocation under the CARES Act.

Q: Is it possible to fund for-sale housing development projects under project 22?

A: Yes, if Denver identifies a for-sale housing development project as a priority need for COVID-19 response in the community.

Q: Is there an ability to fund services in development projects as a separate activity than the development itself?

A: Yes, Denver has recently made conditional commitments to funding for services in a development activity.

Q: Language barriers to accessing services commonly exist in certain communities in Denver. Can we fund activities that provide navigation services to those communities?

A: Yes, Denver has funded these types of activities previously.

Q: Are undocumented workers or residents able to obtain HUD assistance?

A: HUD has provided guidance that prohibits “direct” forms of assistance – i.e. rent assistance – to undocumented residents. However, most services accessed by the community (such as food distribution) are generally open to all residents. Additionally, certain emergency services, such as shelter provided under the ESG program, are exempt.

Q: Can activities for operating support (CHDO projects 8 and 9) be repurposed to provide rental property owners with funding to replace depleted reserves due to COVID-19? Rental owners are reporting a 20% delinquency average and \$100,000 monthly average deficit.

A: CHDO funding must be used for either operating support for specific development projects, or for development projects. HUD has relaxed some HOME regulations, but not all. In general, HOME funds must still be used for

specific activities. Provision of HOME funds to pay for project reserve accounts or operating subsidies is expressly prohibited.

Comments regarding the 2020 Action Plan:

Submission 1:

Overall, we think you all are doing a great job balancing COVID-19 needs and ongoing housing development needs in this plan. At first glance, the zeroing out of For-Sale housing dollars (though we know that this was in the original pre-COVID draft of this too) and the transfer of approx. \$3.39M of Denver's normal HUD allocation in housing dev and program dollars to Coronavirus needs seemed like potential hurdles. However, these are challenging times, we are seeing unprecedented Coronavirus-related costs ourselves, and the uncertainty about what funding at Federal and State level we all should expect to come down adds an interesting curve ball to all our work. Given that strange, uncertain, and frankly scary background, this is a great plan.

Many of our core questions were answered in conversation with you all over the week. After reflecting on everything we heard, here's what our feedback looks like.

- **Operations Support for CHDOs**

- We shared [with] you over the phone data from the Enterprise Community Partners/NDC statewide survey showing that there was an average 20% non-payment and \$150k deficit (varies widely by organization depending on populations served) for CHDOs in May to emphasize that expenses may be more than expected.

- **Services Support for CHDOs**

- Service dollars can't be something that's *only* baked into future development--it should be something considered as a valid expense for past-expenses CHDOs accrue during this crisis.

- **For Sale Development and Preservation**

- The fact that overall funding for for-sale remains the same is good news. However, The City should ensure that funds are flexible enough to backfill the local budget for for-sale housing if, as we all predict, some portion of local funds dry up.
- In addition to down payment assistance, there is a need for current mortgage assistance--illustrated by the fact that across the State, Habitat affiliates are bearing \$960,000 in mortgage forbearance

- **HOPWA/HESG**

- The City routing nearly \$1M of these funds to Corona expenses (rows 21 & 25) doesn't preclude it from being directed to normal HOPWA recipients if these folks are adversely affected by Corona.
- This is good to hear. However, please don't forget that households suffering from HIV/AIDS are perhaps even more likely than other low-mod income households to have

only been partially employed before Corona, and thus, they may be particularly adversely affected. Please keep a close eye on the needs of this population as this crisis continues.

- **City Funding Forecast**

- It is possible that the City will have steep budget cuts in the future that affect its ability to direct local funds to housing. However, Linkage Fee and Mill Levy are protected. The main local source that we may see significant decline in is the General Fund Transfer.
- This potential loss of local funds for housing should be at the forefront of the City's mind as it determines how to allocate Fed and Local funds to housing programs. The funding for programs (such as For-Sale) should be diversified enough to be resilient to major budget impacts--and other funds should be flexible enough to backfill unexpected reductions in funding. Zeroing out funding to For-Sale housing means that it is the most vulnerable of all Denver's housing programs to local budget shortfalls. A close eye should be kept on this danger, and the City should ensure that there are flexible funds available in particular to backfill the percentage of funds contributed to For Sale housing from particularly vulnerable sources (such as the City's General Fund Transfer).

- **OTHER FEEDBACK**

- ***Undocumented Families***
 - Given the difficulty with using Federal Dollars for direct financial assistance, it will be very important to ensure that the influx of HUD dollars used for housing cost assistance does not disrupt the ability to use City dollars to help families that might be barred from receiving HUD-sourced assistance.
- ***Non-English Language service navigation needs***
 - Given the large population of Spanish and other non-English speakers in Denver, it is vitally important that a lack of bi-lingual resource navigation doesn't create a bottle-neck in service provision. Language assistance should be an eligible expense associated with these funds (especially direct housing cost assistance) to ensure that eligible households are not dissuaded from seeking assistance.

Thanks again for all your great work on this--especially considering the incredibly accelerated timeline.

Submission 2:

p. 17 – Suggest including the amount of funds available in the Skyline Urban Renewal fund. This would include principal amount on hand and program income to the extent not otherwise included in the program income amount on p. 16.

p. 18 – Redevelopment of 4995 Washington site needs to consider appropriate environmental impacts and limitations.

p. 21 - Support Housing as the first listed goal. The Goal Outcome Indicator is unclear and extremely disappointing. Clarify what each of the three goal numbers indicate (understand this chart provides limited space but it confusing rather than clarifying). Only 600 persons? Only 146 housing units? Are there more ambitious goals specified elsewhere?

Urge that assistance to homeless and those at risk of homelessness move up in priority from 4th to 2nd and that funding for this category increase.

p. 27-30 – Suggest a minor formatting improvement for the Project Summary. The column headings (Project Title, Project Description, etc.) should repeat on each page.

p. 34 – If the goal for affordable housing is 6,000 over the next 5 years (1,200 yearly average), the 2020 goal of 474 is woefully inadequate. Perhaps in my hasty review I have overlooked other information that reflects additional expected affordable housing accomplishments. The clarity of the Plan would be improved if it also included a quick summary of units in the pipeline and anticipated completion in the coming 12/18/24/30/36 months. Understand this may be available in the performance report (CAPER) but some information here (or reference to appropriate report section) would be useful in providing understanding of accomplishments proposed and anticipated.

p. 39 – The Plan should explicitly indicate how the emergency shelter and transitional housing capacity for individuals and families falls far short of existing needs. With capacity for only 1780 individual “guests” and 26 families, the need appears to be many multiples of capacity (up to 6 times?).

P. 49-50 – HOME Resale (Recapture) Requirement

First, as Denver has experienced, effective management and oversight of Resale requirements is staff intensive, inherently complex, and prone to thorny compliance issues. As far as I know, the real estate and title insurance industries have not taken steps to address and ameliorate these problems.

Therefore, I urge that Denver change its HOME funded homeownership program to a recapture requirement. Recapture avoids most, but not all of the complexities of the Resale requirement.

In the context of the Denver market, an effective Recapture requirement could be developed that incorporates some element of forgiveness over time, combined with use of a shared appreciation approach related to the relative initial investment of the buyer and the HOME program. I would be pleased to share my expertise in this area with the City and assist in developing an appropriate Recapture requirement.

Regarding design of the Resale requirement as stated, there should be improvement in the provision address the affordability of the property to be sold to a reasonable range of income eligible buyers. The Plan states (p. 50) that “Denver considers that a reasonable range of low-income eligible buyers would in the 0-80% median income range.” This provision is probably noncompliant with HOME program rules since many households in that income range are not potential homeowners. To provide a realistic income range that complies with the HOME regulation and also provides for reasonable opportunity for successful and sustainable homeownership, Denver needs to establish a much higher minimum income level to define “reasonable range.”

In my many decades of affordable housing experience, successful homeownership for households below 50% of median income is problematic, except for those programs using the Habitat for Humanity model that provide strong support to the household and often also include deeply subsidized financing. I would recommend revising the Resale requirement to include a minimum buyer income of perhaps 50% of median; a minimum of 60% of median might be even more realistic.



Submission 3:

[Project] 5. Add ECLT and Habitat as Housing Counselling service providers.

[Project] 6. Reserved for For-Sale Development and Preservation is currently unfunded and needs to include funds for mortgage assistance to ensure that homeowners aren't foreclosed upon. While there are funds for down-payment assistance (\$350k), there is an even greater need for mortgage assistance.

[Project] 16. Nonprofit Facilities and Improvements: should also include funding for rental assistance for nonprofits