What you need to know as you
Apply for, Receive, and Report on HUD Funds
THROUGH THE CITY & COUNTY OF DENVER
2021 EDITION
# USERS GUIDE

What you need to know as you apply for, receive, and report on HUD funds through the City & County of Denver

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>What Denver typically funds</td>
<td>4</td>
</tr>
<tr>
<td>What is not eligible for funding</td>
<td>5</td>
</tr>
<tr>
<td>Who may apply</td>
<td>7</td>
</tr>
<tr>
<td>When to apply</td>
<td>7</td>
</tr>
<tr>
<td>Issues to consider</td>
<td>8</td>
</tr>
<tr>
<td>Evaluation criteria</td>
<td>9</td>
</tr>
<tr>
<td>After your award</td>
<td>10</td>
</tr>
<tr>
<td>Reporting and monitoring</td>
<td>11</td>
</tr>
</tbody>
</table>

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![Image of a couple opening a door, smiling, holding keys]
Introduction

Each year, federal dollars flow into the City & County of Denver in the form of grants from the U.S. Department of Housing & Urban Development (HUD). We hope this guide will help you and your organization or business understand more about what kinds of funds Denver receives, how these funds are allocated to various community needs, and how you can be ready to propose a project or program for consideration. There is also information in this guide that you will find helpful if you are awarded funding, as well as tips on how to improve your proposal in the future if your project is not selected for funding.

The administration and management of federal money is, by definition, a detailed undertaking. It is very important that a federal grantee such as the City & County of Denver ensure that:

(1) strong local community participation informs the city’s priorities for these federal funds;

(2) funds are awarded only to eligible and appropriate projects that best meet these priorities;

(3) performance and impact outcomes are carefully monitored so that maximum community benefit is derived from our investments as intended; and

(4) our administration efforts using federal funds are designed, implemented, and evaluated with an unwavering commitment to equity, fairness, transparency, and ethical financial stewardship.

A User’s Guide like this has not existed before in Denver, and together, we will expand and improve it based on the ever-changing funding landscape and your feedback to us for future editions. We welcome your feedback to Mariana Diaz, mariana.diaz@denvergov.org.

An online overview with Frequently Asked Questions about Denver and its HUD funding is also available from Denver Economic Development & Opportunity (DEDO) at https://bit.ly/DenverandHUD.
What Denver typically funds

Two factors generally affect what Denver funds: one, the HUD guidelines on each federal grant, which rarely change over time and provide a broad framework for grantees such as the City & County of Denver to operate within; and two, within the federal framework, Denver’s own identified priorities and needs in a given year, including those identified through community outreach and public input.

Two closely aligned agencies within the City & County of Denver are responsible for awarding a wide range of HUD funds, Denver Economic Development & Opportunity (DEDO) and the Department of Housing Stability (HOST). DEDO provides the administration of HUD funds.

In both DEDO and HOST, HUD-funded activities fall generally into two buckets: programs and development.

- **Programs** are typically initiatives that provide a service to specific area or group. For example, Denver may fund activities that support small businesses, operate a food bank, provide homebuyer counseling, offer rental assistance, or include health clinic services.

- **Development projects** create something with a tangible result, such as the creation of jobs by a funded business, gap funding to make affordable housing developments possible, or projects that create or maintain a public facility. Some projects can of course be both a “brick and mortar” facility as well as provide programs in service to its users.

Another way to consider HUD funding is that the activity must provide a *community service or benefit*, and also *serve or create opportunities for low- or moderate-income individuals*.

Businesses, nonprofits, communities, and neighborhoods experience an ever-changing landscape, and needs shift over time based on a wide range of economic, cultural, and political factors. After community outreach and public comment, Denver’s annual plans are set and submitted to HUD. In this way, the city identifies the specific kinds of projects that it seeks to fund in a given funding cycle. Because of the changing landscape, projects that Denver has typically funded in the past may not fall within the current priorities that the city identifies in a given funding cycle.

Here are potential funding examples under the four grants that Denver receives from HUD:

<table>
<thead>
<tr>
<th>COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)</th>
<th>DEDO Funded Activities</th>
<th>HOST Funded Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROGRAMS: May include employment training, workforce opportunities, neighborhood services</td>
<td>DEVELOPMENT: May include public facilities or infrastructure as well as business development and financing</td>
<td>PROGRAMS: May include public services such as housing counseling, landlord and tenant counseling, down payment assistance, home repairs and rehabilitation, emergency rent and utility assistance</td>
</tr>
</tbody>
</table>

DEVELOPMENT: May include building acquisition and some pre-construction costs
HOME INVESTMENTS PARTNERSHIP (HOME)

HOST Funded Activities

PROGRAMS: May include housing counseling, landlord and tenant counseling, down payment assistance, home repairs and rehabilitation, and tenant-based rental assistance

DEVELOPMENT: May include affordable housing construction, support for Community Housing Development Organizations (CHDO)

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

HOST Funded Activities

PROGRAMS: May include housing and a range of other services for people living with AIDS

DEVELOPMENT: May include housing and a range of other services for people living with AIDS

EMERGENCY SOLUTIONS GRANTS (ESG)

HOST Funded Activities

PROGRAMS: May include emergency shelter operations, street outreach, rapid re-housing, other homelessness prevention initiatives

DEVELOPMENT: May include activities serving people experiencing homelessness or at risk of homelessness

What is not eligible for funding

In general, projects that do not provide a community service or benefit cannot be considered. Projects that do not serve or create opportunities for low- or moderate-income individuals are not fundable, and grants to individuals who are not operating as a nonprofit organization are not likely to fit HUD guidelines. In addition, because these funds are federal, they cannot be used to support a project or organization that discriminates in any way on the basis of gender, race, ability, age, faith tradition, or any other protected status.

When you think about “funding,” remember that not all HUD dollars are delivered into the Denver community in the form of performance grants. Some are low-interest loans. HUD allows a grantee such as the City & County of Denver the flexibility with Community Development Block Grant (CDBG) funds to maintain a mixed portfolio of grants and revolving loans. A performance grant is not required to be repaid as long as the project is executed and delivered as it was proposed; a low-interest loan is required to be repaid, and there may be other performance requirements as well (for example, a low-interest loan to a business may require a job creation component as part of the loan terms, and the jobs must employ low- and moderate-income individuals).
| COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) | INELIGIBLE: Buildings or any space used for general conduct of government; general government expenses; political activities; purchase of equipment (construction equipment, fire protection equipment, furnishing and personal property all included); operating and maintenance expenses; new housing construction; income payments; funds to individuals |
| HOME INVESTMENTS PARTNERSHIP (HOME) | INELIGIBLE: Modernizing public housing; development project reserves or operating subsidies; tenant-based rental assistance to existing Section 8 programs; matching contributions required under other federal programs; assistance to a project previously assisted with HOME funds; delinquent fees of a HOME assisted project; acquisition of property owned by participating jurisdiction |
| HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) | INELIGIBLE: Payments for health services for any item or service that can reasonably be expected to be made with other funds; programs or services that do not benefit persons living with HIV/AIDS |
| EMERGENCY SOLUTIONS GRANTS (ESG) | INELIGIBLE: Legal services; substance abuse treatment services; group homes or other institutional settings; stand alone food pantries/soup kitchens/cafeterias |

*NOTE: Other uses not authorized in statute or regulation are also prohibited.*

As you can see, a certain project might be fundable by Denver under one HUD grant and ineligible for another. Remember, too, that funding decisions are also based on established city priorities for a given funding period and may also depend on the number and nature of other eligible proposals against which your proposal is being weighed. Finally, the city’s HUD administrative staff and other city program staff in DEDO or HOST can help you determine which HUD grant opportunity might be a fit for your organization or business.
Who may apply

Depending on the HUD grant, private for-profit businesses, developers, public housing authorities, and public and private nonprofit organizations can be eligible for funding and are invited to apply. Assistance to for-profit businesses is generally limited to CDBG, and as noted previously, CDBG funding may come in the form of a low-interest loan rather than a grant.

Here are the typical applicants under each grant.

**Community Development Block Grant (CDBG)**
For-profit businesses and developers; public and private nonprofit organizations, including nonprofit housing developers; public housing authorities; local redevelopment authorities

**HOME Investments Partnership Program (HOME)**
Public housing authorities; local redevelopment authorities; public and private housing developers; public and private nonprofit organizations; Community Housing Development Organizations (CHDOs)

**Housing Opportunities for Persons with AIDS (HOPWA)**
Nonprofit organizations; public housing authorities

**Emergency Solutions Grants (ESG)**
Public and private nonprofit organizations; public housing authorities; local redevelopment authorities

When to apply

The manner in which funding opportunities are promoted, announced, or made available varies between programs and development activities.

**PROGRAMS are usually sought during specific, finite windows of opportunity.** The city promotes what is called a Notice of Funding Opportunity (NOFA) or a Request for Proposals (RFP). In some instances, the funding opportunity may begin with a call for Letters of Interest (LOI), after which you may be invited to submit a full proposal.

Either or both DEDO and HOST may announce a NOFA in a given year. The application period in a typical NOFA will last several weeks, including one or more pre-bid meetings where the priorities are reviewed and bidders’ questions may be posed. There is a strict deadline for proposals to be submitted.

As they occur, HOST program opportunities are posted here. As they occur, DEDO program opportunities are posted here.

**DEVELOPMENT projects can be submitted in an open, rolling window that is typically accepting applicants year-round.** In HOST, this means that you would start with the online Housing Loan Application here. In DEDO, this means you would use a development application posted by the Neighborhood Equity and Stabilization Team (NEST) or submit an application to the Business Loan Program, both found here.

For both program and development projects, if you would like to be added to our list for notifications of future funding opportunities, please send your organization name, your name, and your email to DEDOMarketing@denvergov.org.
Issues to consider

The application process for federal funding can be rigorous, requiring historical financials, audited financials for nonprofits, and in-depth project proposals. At the same time that Denver is committed to an open, welcoming, fair, and equitable environment for eligible community organizations and businesses to seek HUD funds, seeking and qualifying for funding is necessarily a deliberate and detailed undertaking.

After reviewing the general guidelines for HUD grants in this guide, including what is broadly eligible and ineligible, always review the city’s established priorities for a particular funding period. Details will be outlined in the Notice of Funding Availability (NOFA) or Request for Proposals (RFP) that you are responding to. Make sure that what is being sought and what you are proposing are a strong and competitive match. Your past and current experience in receiving HUD funding—and your performance and compliance as a result of that funding—will of course be taken into account.

Depending on your proposed activity, you should be aware of compliance issues which may pertain to your application and its viability for funding. Too often, a proposal either has to be returned for adjustments or even denied based on these compliance considerations. The following is not a detailed examination of these issues, but provided to at least raise awareness.

- **An environmental review** is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. If you are to be awarded funding, you should be aware that an environmental review is required for all HUD-assisted projects.

- **Fair Housing and Equal Opportunity (FHEO)**, guided by the Fair Housing Act and related laws, strives to eliminate housing discrimination, promote economic opportunity, and achieve diverse and inclusive communities. It is an essential lens through which all housing-related funding is viewed, and you should be familiar with it when proposing housing programs or developments.

- **Section 504** is an important federal provision that strives to ensure rights to persons with disabilities throughout HUD-funded programs and activities.

- **Section 3** is a federal requirement that recipients of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons.

- **The Davis-Bacon Act** requires the payment of prevailing wage rates as determined by the U.S. Department of Labor to all laborers and mechanics on federally funded construction projects in excess of $2,000. Construction includes alteration and/or repair, including painting and decorating, of public buildings or public works.

- **Procurement standards** are the regulations that apply when an organization is using federal funds to procure services or to acquire items/materials necessary to the performance of activities that are considered eligible costs under a particular HUD grant.

- **Lead-based paint regulations** exist to protect vulnerable families and individuals from potential health hazards. Grantees must comply with the Lead-Based Paint Poisoning Prevention Act of 1973 and applicable regulations found at **24 CFR 35**.
Evaluation criteria

As you are now learning about various HUD grants and how funding occurs, there are a number of variables that determine how your application will be considered.

However, most city applications typically call for some standard elements, including:

- Your plan for the proposed service program or development project (typically a narrative)
- Activity budget
- Outcomes
- Your organizational capacity
- Your organization’s financials
- Your overall financial capacity/sustainability
- Your project’s impact/alignment with city priorities
- Your prior performance & outcomes from past/current city contracts
- Your performance on any current or past city-administered loans

Next, in accordance with 2 CFR 200.331 of the Uniform Grant Guidance, all applicants are evaluated based on the following risk factors:

- Prior experience with HUD funds or other federal awards
- Results of previous single audits
- New personnel or new or substantially changed systems
- Extent and results of federal monitoring in previous years, including those conducted by the city

Unfortunately, every funding cycle has one key characteristic in common: there will be more eligible and qualified demands for funding than there are dollars to grant.

Applications in competitive program procurements are often reviewed by evaluation committees comprised of staff members from DEDO and/or HOST, other relevant city agencies, and key community stakeholders or partners when appropriate.

Once preliminary awards are determined, conditional award letters are sent. Awardees are invited to initiate negotiations for a contract. Awards are not announced until after all contracts have been negotiated and signed within a given funding cycle (i.e., an annual NOFA, for example).

The loan application process for development projects differs slightly. These applications are typically non-competitive and are evaluated on an as-needed basis, when the application is submitted. Additional documentation is usually needed for the city to adequately perform its underwriting process required to evaluate development proposals.

Denver has internal Loan Review Committee (LRC) protocols as well, both for DEDO and HOST, through which development applications must pass in order to be funded.
After your award

When you receive notification of a conditional award, Denver begins the contract process with your organization. At this point, funding is still contingent on your organization successfully completing and providing all additional information necessary to execute your contract.

At this point in the funding cycle, the proposals not selected to go forward are also notified of their status. Later, when the procurement process is fully completed, city staff can loop back with these organizations to provide feedback on how a proposal could be made stronger for a future submittal.

Denver’s contract process includes the following steps:
- Initial negotiations to determine project or program scope, budget, and outcomes
- Initial internal city approvals
- Contract drafting and negotiations
- Vendor’s signature
- Final internal city approvals
- A contract larger than $500,000 requires Denver City Council approval
- Contract execution
- Loan closing, for all lending agreements

In order to complete the contract process, your organization is required to meet several administrative requirements. Such requirements are likely to include:

1. Registration in the System for Award Management Database ([www.sam.gov](http://www.sam.gov)). This requires a Data Universal Numbering System (DUNS) Number. To obtain a DUNS number, apply online: [https://www.dnb.com/duns-number.html](https://www.dnb.com/duns-number.html)

2. Registration with the Colorado Secretary of State and an active Certificate of Good Standing.

3. Proof of Insurance: Certificates of Insurance are required of all city contractors on the following policies:
   - Workers’ Compensation and Employer’s Liability (Waivers for Sole Proprietors)
   - Commercial General Liability - Sexual Abuse and Molestation Exclusion (SAME) Coverage for contracts working with you or a vulnerable population
   - Business Automobile Liability (Exception for Sole Proprietors)

4. In some cases, the organization applying for funding must also be a public or private nonprofit, requiring verification of its 501(c)(3) status with the IRS.

There are legal, contractual obligations to your funding award. Organizations receiving HUD funding must make sure that its program or project is being administered according to the terms of the contract and scope of work or project timeline, in order to meet the stated contract deliverables.

Unless Denver is funding an acquisition cost, invoices and documentation for incurred expenses must be provided in order to receive reimbursement. Regular check-ins with the city’s program staff should occur.

Activities that are delayed in meeting contract milestones and deliverables may warrant additional amendments. In some cases, activities that do not perform within the contract time of performance may be allowed to expire without an extension of funding. In severe cases, revocation of funding may occur.

Funded organizations must be prepared to follow all applicable federal regulations as referenced in the contract terms. As highlighted earlier in this guide, compliance may include:
• Participant eligibility, including geographical area or income verification
• Other program-specific requirements (i.e., demonstration of need)
• Recordkeeping
• Procurement for subcontractors
• Program rules, policies, and procedures
• Fair Housing and Equal Opportunity
• Davis-Bacon
• Section 504
• Section 3
• Inspections/housing quality standards
• Lead-based paint

If you are a first-time grantee of federal funds, we can appreciate that the proposal, contracting, and performance requirements can be overwhelming. We want you to be successful and consider ourselves to be your partner. Our shared success ensures that Denver’s HUD dollars are delivering strong benefit and serving the maximum number of community residents.

**Reporting and monitoring**

Just as every nonprofit or business is unique, your contracted scope of work will have reporting requirements that are a fit for the size and scope of your funded activity. Some programs might have monthly or quarterly requirements, yearly requirements, or even long-term reporting requirements.

Program reporting requires submission of a detailed summary of the activity outcomes, use of funds, and other important details for the reporting period. This will occur multiple times a year as outlined in your scope of work. In successful nonprofit projects, this data gathering can also provide excellent detail for your board and donors, not to mention for reporting out to the populations you serve or to the local news media.

Project reporting requires submission of regular progress updates, and in many cases once the project development is complete, long-term restrictions apply. In these cases, additional reporting may be required to confirm ongoing compliance.

Monitoring may be performed by both a Compliance Officer from the City and County of Denver and/or representatives from HUD. See below for more information. In limited cases, the HUD Office of the Inspector General (OIG) may also perform an audit on either the city or an individual organization.

**City & County of Denver Monitoring**

All programs and development activities will be regularly monitored by city staff. Like the distinction made above regarding various reporting requirements, depending on the type of activity funded, a monitoring conducted by the city may take different forms, such as a desk review, a virtual monitoring visit, or an on-site visit.

For program services, a file review is typically performed, to review your participant files and other administrative documents. This file review has several goals: helps verify the reports submitted by the organization during the contract period; determines eligibility of the participants; and helps assess the organization’s administration of the contract.

Upon completion of the monitoring, the city will send a monitoring report to the organization to identify any findings or concerns. To continue, you must respond to and resolve the findings. Once sufficiently resolved, the city will update the report to close the findings.
For development projects, the city may perform site visits to monitor progress. Once complete, if long-term restrictions apply to the development, a desk review is often performed annually or as needed to confirm compliance. Based on the type of activity, different documents may be required.

Once city staff performs the desk review, organizations that are not in compliance are notified to resolve the deficiencies. On-site and/or virtual file reviews may also be completed as necessary to verify information submitted on reports.

**HUD Monitoring**

While HUD primarily monitors the City & County of Denver, there might be a time when HUD requests access to an individual grantee organization’s files to review the activity.

HUD describes their monitoring as:

“It is the activities that management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews. Monitoring provides information about program participants that is critical for making informed judgments about program effectiveness and management efficiency. It also helps in identifying instances of fraud, waste and abuse. It is the principal means by which the Department:

- ensures that HUD-funded programs and technical areas are carried out efficiently, effectively, and in compliance with applicable laws and regulations;
- assists program participants in improving their performance, developing or increasing capacity, and augmenting their management and technical skills; and
- stays abreast of the efficacy of administered programs and technical areas within the communities these programs serve.”

It is an honor for Denver’s city agencies, DEDO and HOST, to be entrusted with federal funds provided to lift up and sustain our most vital and underserved communities and residents. We hope that this guide helps you determine how and when federal funds from HUD may be in your future. We welcome the opportunity to become your partner in this essential, exciting work.