



AGENDA ITEM SUMMARY

City Council

STAFF

Beth Rosen, Grants Compliance and Policy Manager

SUBJECT

Resolution 2024-123 Authorizing Disabled Resource Services to Retain Community Development Block Grant Funding to Apply Towards the Acquisition of a New Public Facility.

EXECUTIVE SUMMARY

The purpose of this item is to obtain authorization from Council to allow Disabled Resource Services to sell their current building located at 1017 Robertson, which was acquired with \$385,000 in Community Development Block Grant funding, and to retain the funding provided by the City to re-invest in a new public facility. These funds were provided as a Due on Sale Loan, which triggers repayment upon the sale of the existing building. Approval by City Council is required to allow Disabled Resource Services to transfer the funding to a new building.

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BACKGROUND / DISCUSSION

On November 19, 2012, the City of Fort Collins entered into a Recipient Contract (Contract) for Community Development Block Grant (CDBG) funding with Disabled Resource Services (DRS). The Contract provided for the payment of \$385,000 in CDBG funding to purchase the property located at 1017 Robertson, Unit B, Fort Collins, CO 80524. The CDBG-Eligible Activity was defined as a Public Facility to be used to provide direct services to a client population consisting of at least 51% low-and-moderate income persons. The funding was provided as a loan that would require repayment upon sale of the building or failure to use the building as defined in the Contract.

On August 13, 2024, DRS submitted a letter to Council which stated they have outgrown their space and are looking to acquire a larger facility, likely on the south side of Fort Collins, that will allow them to consolidate their Fort Collins and Loveland offices. They would like to use the equity in their existing building to purchase a new building. This includes a request to re-allocate the \$385,000 towards the new building purchase rather than repay the CDBG loan to the City. These funds would still be used to operate a public facility for the population outlined in the original CDBG application and funding approval.

Originally, these funds were allocated to an eligible activity that was governed by the 2010-2014 HUD Consolidated Plan (ConPlan). That plan allowed local nonprofit applicants to submit public facility applications that would compete against housing applications for available CDBG dollars. Starting with the 2015-2019 ConPlan, CDBG funding has been prioritized to meet the goals of the Housing Strategic Plan and public facility applications are longer accepted for CDBG grant funds. This means that if DRS were to

repay the funds, the funding would be re-allocated to housing with no way for DRS to re-apply for new public facility dollars.

Allowing DRS to retain the funds and apply them towards the purchase of a new building will still meet the goals of the original contract and service expectations. Funds would still be provided as a loan, and City staff would prepare a new Promissory Note and Deed of Trust encumbering the new facility with the same terms and conditions as the current building. The funds would be returned to the City if Disabled Resource Services ever sold the new building or failed to provide direct services to benefit a client population of at least 51% low-and moderate-income persons as outlined in their Contract.

CITY FINANCIAL IMPACTS

This request would allow prior grant funds to be retained by the nonprofit organization to be used for the same public purpose. If the request is not supported, the funding would be returned to the City and allocated to an eligible housing project in the 2025 Competitive Process.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

The Human Services and Housing Funding Board voted to recommend this request at its regular Board meeting held on September 11, 2024.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Resolution for Consideration
2. Exhibit A to Resolution
3. Request from Disabled Resource Services
4. Deed of Trust
5. Human Services and Housing Funding Board Minutes, September 2024