

# AGENDA ITEM SUMMARY

City Council



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## STAFF

Beth Rosen, Grants Compliance and Policy Manager

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## SUBJECT

**Resolution 2025-045 Authorizing Respite Care Inc. to Retain Community Development Block Grant Funding to Apply Towards a New Public Facility.**

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## EXECUTIVE SUMMARY

The purpose of this item is to obtain authorization from Council to allow Respite Care to sell their current building located at 6203 S. Lemay Ave, which was improved with \$72,700 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 Council is required to allow Respite Care to transfer the funding to a new building.

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## STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

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## BACKGROUND / DISCUSSION

On May 21, 2013, the City of Fort Collins entered into a Recipient Contract (Contract) for Community Development Block Grant (CDBG) funding with Respite Care, Inc. The Contract provided for the payment of \$72,700 in CDBG funding to rehabilitate the property located at 6203 S. Lemay, Fort Collins, Colorado 80525. The CDBG-Eligible Activity was defined as a Public Facility to be used to provide direct services to disabled children from low-and-moderate income households across the northern front range. 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 December 30, 2024, Respite Care submitted a letter to Council which stated they have outgrown their space and are building a larger facility on a parcel of land that was donated in Timnath. Once development of the new facility is complete, Respite Care will continue to offer direct services to disabled children from low- and moderate-income households from the northern front range region, including many Fort Collins residents. Accordingly, Respite Care's continued use of these funds will benefit some of Fort Collins' most vulnerable residents and support regional efforts to accomplish the same for residents in neighboring communities. They would like to retain the funding from the sale of the existing building and apply it towards the costs of the new facility. This would mean re-allocating the \$72,700 towards the new building purchase rather than repaying 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 Respite Care were to repay the funds, the funding would be re-allocated to housing with no way for the agency to re-apply for new public facility dollars.

Allowing Respite Care 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 Respite Care 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**

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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 2026 Competitive Process.

### **BOARD / COMMISSION / COMMITTEE RECOMMENDATION**

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The Human Services and Housing Funding Board voted to recommend this request at their regular Board meeting held on January 8, 2025.

### **PUBLIC OUTREACH**

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None.

### **ATTACHMENTS**

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1. Resolution for Consideration
2. Respite Care Request
3. CDBG Recipient Contract
4. Human Services and Housing Funding Board Minutes