

CDBG-CV: Guidance on Expenditure Rates, Lesson Learned & Preparing for Closeout



1

State of Idaho – CV funds background

- State of Idaho received \$12.2 million
- First round funding agreement executed June 2020
- Initially very cautious of what we funded. Stayed with the tiebacks - prepares, prevents, and responds to coronavirus.
- Navigating eligible activities – can the tieback to infectious disease be justified
 - Relied on HUD's Quick Guides and webinars
 - COSDA's email updates and webinars
 - Networking opportunities with other States...thanks to being a member of COSCDA.



2

State of Idaho – CV funds background

- Application Process: Initially due to what we thought would be high demand for CV funds we established a competitive process (scoring structure, included COVID-19 levels) with limit on maximum award - \$250,000
- Fall of 2020 we realized our CV wasn't in high demand therefore we became more active in developing projects. We began contacting local governments to let them know they income qualified for CV funds....any COVID-19 related needs? This worked well, especially for setting up applications for ambulances.
- HUD's Quick Guide – April 2021 – added pandemic "recovery." Expanded the range of eligible activities, which ultimately helped us move more CV funds.



3

State of Idaho – CV funds background

Projects funded:

- Public Facility projects = 34
 - HVAC improvements @ health facilities and senior centers, and public parks (parks justification was tie-back to outdoor fitness as per quick guide)
- Public Service projects = 12
 - Medical equipment - including a vehicle outfitted with medical equipment = ambulances (Jessie @ HUD, via webinar)
- Added some CV funding into a few existing open CDBG projects.
- All projects met the benefit to low-to-moderate income national objective



4

Expenditure Rate

- To Date:
 - Obligated: \$11,073,080
 - Expended: \$6,595,062



5

Lessons Learned

Duplication of benefits policy:

Idaho has not received disaster funds in a long time, so this did not have this policy adopted. Did adopt into our program rules. Might want to check to see if you have an adopted DOB policy.

US Treasury:

Why can't CDBG funding be more like US Treasury COVID relief funds. Broadband program folks in our department were spending big with Treasury COVID funds for installing broadband systems. Made CV look unimpressive. However, they did not contend with environmental reviews, Davis-Bacon, or income eligibilities. All funding not the same, but CDBG is still 50 years at it.

80%:

80% of unexpended would be swept in June 2023, ultimately didn't happen, but we had closed our application process several months prior - one step forward two steps back. Even though this was frustrating and I didn't want to re-start, we actually funded another 15 projects because of the extension.



6

Lessons Learned

Rabbit holes definition:

One in which the pursuit of something (such as an answer or solution) leads to other questions, problems, or pursuits.

Rabbit holes was a common occurrence for us:

- Rental assistance / preservation
- Motel voucher
- Broadband installation
- Business lending
- Current open CDBG projects



7

Lessons Learned

Appraisal Methods:

Sales Comparison (\$830,000) compared to highest and best use (\$1,550,000). Homeless day shelter acquisition (City of Boise) imploded as we could not justify going above the \$830,000, but the seller (and some city staff) wanted the value based on highest and best use. The neighborhood was going through gentrification, and I believe the property owner sold to private party for close to the highest and best use value.

Lesson learned? Staying within the sales comparison value, which as a government entity we could justify was the best decision. The highest and best use value, was too far of a stretch and we would have been criticized / questioned for not using funds efficiently.



8

Lessons Learned

Zoom Boom:

Idaho resort communities did see an influx of out of state remote workers moving in causing a significant increase in housing costs in these communities. Tried a Zoom Boom project – acquisition of assisted living facility in Blaine County to convert to affordable SRO units. Tieback = people leaving urban areas for resort communities to get away from Covid causing a housing market squeeze, therefore lower income families pushed out. County wanted to buy the facility for affordable housing, did fail, due to once again high cost.

Lesson learned? Trying to be too creative? Perhaps – or are there certain housing markets, such as the Sun Valley area of Idaho, that are too costly to create or build affordable housing.

Side note: did get to talk with the individual who revolutionized the high jump, invented the Fosbury Flop – Blaine County commissioner – Dick Fosbury

Lesson learned? Jump backwards over the bar, not forward.



9

Lessons Learned

Individual Income:

Job creation low-to-moderate income based on the individual's income, not family income...great option, wish we had this option on regular CDBG. Keep advocating for it.

Public Service:

Public service activities not that scary – after doing some public service with CV which was the first time for us, we are adding public service to our annual action plan. Will stay in the shallow end – meals on wheels vehicles and medical equipment.

Entitlement cities:

Are not that scary either – Pocatello and Lewiston good to work even with their ERR on HEROs. Soothed over the scars with Boise from failed day shelter for homeless application, by getting them funding for a park restroom near the day shelter.



10

Lessons Learned

Interpretation of rules:

I got it wrong...should have kept my mouth shut, until I had heard back from HUD.

Federal Register - "One or more public agencies may be designated by the chief executive officer of a state to undertake activities assisted under this Act."

Back in 2009, Commerce handoff the NSP funds to our housing finance association (IHFA) because they had the expertise and we didn't .. so let's do the same with the 2nd round of CV funding to use for rental assistance.

I told everyone we could have IHFA sign the funding agreement for the 2nd round of CV funding (\$4.3 million), just like NSP. HUD decided differently, indicating Commerce had to remain the "contractual organization." We felt this position was too risky as we would be ultimately responsible for rental assistance programs. Programs we didn't know how to administer, much less monitor.



11

Lessons Learned

Flexibility is good:

In our 2nd year, our funding council realized we still had a large portion of funding unobligated gave staff more decision making ability to offer CV amounts, project type, and increasing CV amount after award if needed. Also gave the staff the confidence that likely all applications submitted would get funded.

HUD staff and Quick Guide notices – very helpful

Governor office attorney questioned eligibility of day shelter – see here, its in the HUD Quick Guide

The Value of COSCDA = significant - the updates and networking opportunities.

It's ok to respond: Its my first pandemic, I might have gotten some things wrong.



12

Adams County – new mobile medical vehicle



13

Clark County – new ambulance



14

Clark County – new ambulance



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15

City of Dubois -park pathway project



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16

Blaine County – Senior Center – new meals on wheels delivery vehicle



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17

City of Cottonwood - Park Project



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18

City of Cottonwood Park Project



19

Preparing for Closeout

June 2026:

14 months left. Projects that are closing out, moving quickly to closeout in IDIS.

Nervous about:

- Although we are not obligating anymore funds, still need to spend \$4 million in CV in next 14 months.
- Three projects still need to bid – HVAC replacement @ business incubator and two park projects plus one ambulance that has been order.

Inevitably there could be delays with any of our open CV projects. If all CV money is swept in June 2026 and we have projects that are still open, plan to utilize funds from our regular CDBG funding.



20

Preparing for Closeout

- Reality – will not expend all our CV funds... and that's ok
- All in all, when I evaluate the CV funded projects I feel these projects were beneficial and in some cases important for combating COVID-19 and long-term resiliency to mitigate future coronavirus outbreaks.

