

**METHOD OF DISTRIBUTION  
FISCAL YEARS 2025, 2026 and 2027**

**STATE OF ARIZONA  
COMMUNITY DEVELOPMENT BLOCK GRANT**



**Arizona  
Department  
of Housing**

**South Eastern Arizona Governments Organization**

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SEAGO Community Development Block Grant Method of Distribution

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# SEAGO CDBG Method of Distribution

## CDBG Regional Account

The Arizona Department of Housing (ADOH) administers the rural Community Development Block Grant (CDBG) program, including for the SEAGO Region. ADOH receives just over \$10 million from Housing and Urban Development (HUD) each year. ADOH sets aside 13 percent of these dollars for administration, technical assistance and the Colonias Set-Aside Account. Of the remaining funds, 85 percent is allocated to the balance of state Regional Account (RA) with the remaining 15 percent reserved for the competitive State's Special Projects (SSP) CDBG. The RA is distributed on a non-competitive basis to all rural cities, towns, and counties in Arizona. The method by which the funds are distributed is determined by the State working in conjunction with each regional Council of Governments (COG). Each COG develops a Method of Distribution (MOD) and forwards the MOD to the Arizona Department of Housing (ADOH) for approval. The MOD determines which communities will receive funding each year and how much will be received. At the time of application each community's CDBG application amount must equal the allocation amount. The applications are routed through SEAGO to ADOH. ADOH will review all applications and make the final award determinations.

To determine the amount of CDBG funding allocated to each COG's Regional Account, the State uses a formula based on population and persons in poverty. This formula: 1) multiplies the percentage of the total population of each COG by 30 percent; 2) multiplies the percentage of the total poverty population of each COG by 70 percent; and 3) adds the two. The RA is divided into four sub-accounts, one for each of the non-metropolitan COG areas:

- Central Arizona Governments (CAG): Pinal and Gila Counties.
- Northern Arizona Council of Governments (NACOG): Apache, Coconino, Navajo, and Yavapai Counties.
- SouthEastern Arizona Governments Organization (SEAGO): Cochise, Graham, Greenlee, and Santa Cruz Counties.
- Western Arizona Council of Governments (WACOG): La Paz, Mohave, and Yuma Counties.

Every three years the COG will recommend their MOD to ADOH for the communities within the respective COG region. The MOD will be included in the annual updates of the Consolidated Plan, which is subject to a public participation process. At their regularly scheduled meeting held August 16, 2024, the SEAGO Executive Board adopted this Method of Distribution (MOD).

## **CDBG Distribution Methodology**

All distribution of State CDBG Regional Account funds is to be accomplished through a rotation schedule. ADOH regulations state that each MOD must contain a multi-year schedule that indicates how CDBG allocations are to be distributed such that all eligible communities within each respective COG region will receive funding. The multi-year schedule includes the funding years that each community in the region will receive its RA share, and estimate the amount to be available. This allows each community to plan its CDBG projects in advance. As soon as the ADOH releases the SEAGO funding amounts each Fiscal Year, SEAGO calculates each applicant's funding allocation and provides that information to each applicant community.

### **Changes to the MOD**

Deviations from rotation schedules whereby communities trade allocations are allowed. Should any community in the SEAGO region wish to discuss trading allocation years or any other substantial revisions to this MOD, they must notify SEAGO no later than September 1 of the appropriate funding year. If so requested, SEAGO will convene a working group meeting consisting of one representative from each community, unless the issues to be raised affect only a particular sub-region. In that case, only representatives from communities within that sub-region will be convened. Each community will be responsible for designating its representative to such meetings. Recommendations from said working group will be forwarded to the Administrative Council and Executive Board for approval. Should any communities applying in the same Fiscal Year wish to "gift" or combine their allotments and designate one community to apply for and administer the "joint" project, they must notify SEAGO no later than September 1 of the appropriate funding year.

### **CDBG Application Routing through COG**

All regional CDBG applications must be routed through SEAGO for review. SEAGO Community Development staff will review each application for completeness, notify each community of findings and assist the community with rectifying any application deficiencies. The responsibility to correct deficiencies lies with the community unless the COG is under contract to provide this service to the community. COGs have no discretion to reject applications and must forward all applications to the State. Only those communities identified as eligible to receive funding in the current year MOD may submit an application, therefore, backup applications will not be accepted from other communities, nor will any rating or ranking or similar comparative analysis be necessary. Each COG establishes its own application procedures and submission deadline.

## **Compliance with State Program Requirements and CDBG National Objectives.**

In compliance with state requirements, SEAGO hereby incorporates into the MOD all state-mandated provisions identified in the State's Consolidated Plan, Annual Updates, the most recent CDBG Application Handbook and all related federal overlay statutes.

Prior to being recommended to the State for funding, each application will be reviewed by SEAGO staff to ensure that it meets at least one of the three national program objectives:

1. Low-Moderate (LM) Income Benefit: The activity must benefit low and moderate income persons defined as those persons earning no greater than eighty percent (80%) of the HUD Area Median Income.
2. Slum/Blight: The grant activity must aid in the prevention or elimination of slums or blight. Activities justified as slum/blight cannot be increased by transferring funds from other activities in ongoing CDBG contracts (see note below).
3. Urgent Need: The grant activity meets other community development needs having a particular urgency which pose a serious and immediate threat to the health or welfare of the community; which are of recent origin or recently became urgent; and where other financial resources are not available to meet such needs. Activities justified as Urgent Need cannot be increased by transferring funds from other activities in ongoing CDBG contracts (see note below).

*NOTE: According to federal regulations, only up to 30 percent of the total state of Arizona CDBG allocation may be applied to the cumulative total of both Slum and Blight, and Urgent Need projects. A community must notify ADOH in writing, of its intention to apply for Slum and Blight or Urgent Need funding. Allocation of funds will be prioritized on a first-come, first-served basis, based on the date of receipt of the letter of intent by ADOH. Special procedures are required by law in the Arizona Revised Statutes to declare a slum and blight redevelopment area.*

*Additionally, applications for Public Service and Planning Grant activities are limited to not more than 15 percent of the total CDBG allocation and are funded on a first-notified (to ADOH), first-funded basis as above.*

While CDBG money is provided to all recipient communities on an entitlement basis, CDBG funding depends upon the submission of a viable project application. Counties are allowed to submit up to three project applications. Cities and Towns typically submit only one project application, but may submit a second application, provided the second is for either Public Service or Planning Grant activities.

Additionally, the community must ensure that:

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- The activity is eligible (a detailed list is in the ADOH application handbook);
- The activity is feasible for the community during the allowed time period and for the amount of funds available to the community (including optional leverage);
- The activity fits with the overall community development and housing goals of the community;
- There is a community need that the activity addresses beneficially; and
- Any additional criteria that the community may wish to consider.

**Figure 1: ESTIMATED Allocation Amounts (Future Year Estimates Based on FY25 funding amount)**

Community	2025	2026	2027	2028	2029	2030
Benson				\$515,855		
Bisbee						\$515,855
Clifton	\$100,000	\$100,000			\$100,000	\$100,000
Cochise County					\$515,855	
Duncan			\$100,000	\$100,000		
Graham County	\$291,022				\$291,022	
Huachuca City		\$515,855				
Nogales		\$440,128			\$440,128	
Patagonia			\$440,128			\$440,128
Pima			\$291,022			
Safford		\$291,022				\$291,022
Santa Cruz County	\$440,128			\$440,128		
Thatcher				\$291,022		
Tombstone	\$515,855					
Willcox			\$515,855			

**Sub-Regional Funding Allocations.**

Basis for Grant Awards: Each funding cycle, usually by May, the State will provide an account of CDBG funds available to the SEAGO region. This allocation of funds is then subdivided for each of the four sub-regional areas in SEAGO (Cochise, Graham, Greenlee, and Santa Cruz Counties), based on a weighted formula of population and poverty, as discussed. The rotation is shown in Figure 1, above, and in the Appendices below.

Funding Levels, Maximum and Minimum Grant Awards:

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- a. The maximum allowable funding level for Cochise, Graham, Greenlee, and Santa Cruz County sub-regions shall be the amount of its sub-regional allocation.
- b. Funding allocations for each county sub-region are determined by the State's current poverty and current estimated population from the Office of Employment & Population Statistics (OEPS), through a weighted distribution formula. An exception is made in the instance where such a determination would result in an allocation of less than \$100,000. Any such sub-region would then be funded at a \$100,000 base level.
- c. The poverty criterion shall be assigned a weight of 70 percent and the population criterion shall be assigned a weight of 30 percent in the formula used for determining sub-regional funding distribution.

### **Application Process and Technical Assistance/Application Preparation (TAAP)**

Before the SEAGO Application Deadline:

- a. Technical Assistance (TA) from SEAGO staff is available and ADOH recommends that this Technical Assistance and Application Preparation (TAAP), be utilized. SEAGO will collect the TAAP charges directly from the grantee, which can be reimbursed from the grant funds. Each applicant's share of TAAP costs will be negotiated and set in the application budget. At a minimum, \$3,000 should be put in the application's administration budget to cover any State workshops, TA meetings, and review of the application(s). Should the application not be funded, or in the event a Member Entity does not choose SEAGO to administer the grant, SEAGO may recover its TAAP fee from the applicant, who remains the responsible party regardless of the success of their application.
- b. TAAP can range from assistance with public notices and hearings to researching and writing the proposed application on behalf of the community before the submittal deadline. The amount of direct TAAP assistance is determined by the applicant, and should be negotiated with SEAGO very early in the process. In accordance with State policy, SEAGO will attend and assist with any mandatory TA meetings/workshops set by the State during the pre-application review process. **It is recommended that immediately after the applicant's first public hearing, the applicant discuss with SEAGO all potential projects** brought up at the hearings for review of information that would affect the eligibility of the proposed activities (e.g., meeting a National Objective, amount of leveraging, or number of beneficiaries). SEAGO will assist all applicants throughout the application process to avoid non-fundable or ineligible applications to the greatest extent possible.

- c. Additionally, immediately after this initial consultation with SEAGO, Councils/ Boards should meet to decide which most likely project(s) staff should begin planning and completing any required surveys to determine eligibility. Final selection of a project(s) will need to be advertised and appropriate Resolutions passed.
- d. **The applicant should then hold their last hearing to adopt all appropriate Council/Board resolutions no later than the middle of March, to be in compliance with the 120 day letter of intent due to ADOH by April 1.**
- e. TAAP then continues with formal review of the application submitted to SEAGO by July 1. That will allow time before the applications are due to ADOH on August 1 for any additional changes to the application. Please refer to the enclosed SEAGO CDBG Program Calendar for further guidance regarding the application timeline.

### **Submitting the Application to SEAGO**

All eligible applicants must submit a full and complete original CDBG application in conformance with the State's Application Handbook instructions.

Applications should not be page numbered, to accommodate any changes recommended after SEAGO review. Applications must be **RECEIVED by SEAGO, 1403 W. Highway 92, Bisbee, Arizona, 85603 by 4:00 p.m., July 1.** Applications forwarded by U.S. mail should be sent Return Receipt Requested and must be mailed in time to be received before this deadline; all applications that are hand-carried to the SEAGO office will be received by SEAGO.

### **After SEAGO's Deadline, but Before ADOH's Deadline**

Staff Review:

- SEAGO staff will conduct a detailed review of each application, notifying the applicant of deficiencies or additional information which is needed prior to submission of the application to ADOH. As changes are frequently required, SEAGO will page number for each application after the final review.

Administrative Council Recommendation:



- The SEAGO Administrative Council will review the final applicant selection and funding level recommendations. Funding recommendations will then be forwarded to the SEAGO Executive Board by the Administrative Council.

Executive Board Recommendation:

- The SEAGO Administrative Council's recommendations on funding of RA CDBG applications will be reviewed by the SEAGO Executive Board. The Executive Board will approve or revise the final selection recommendations for funding. The final selection recommendations and applications must be submitted to ADOH, CDBG Program, no later than August 1.

**Application Administration**

Up to 18 percent (including TAAP) can be charged to the grant for administration. Under federal and state rulings, communities may contract with SEAGO without the RFP process if they wish to contract out the grant administration functions. A formal RFP process IS required in order to hire any other consultant.

**SEAGO CDBG PROGRAM CALENDAR**

<b>DEC/JAN</b>	<b>Publish the P2 display ad and hold the required public hearing. Consult with SEAGO regarding eligibility and fundability of potential projects. Hold Council/Board work sessions as needed to direct staff which potential project(s) to begin planning. Staff to conduct any required income surveys to determine eligibility.</b>
<b>FEBRUARY</b>	<b>Complete planning, cost estimating, and budgeting for any project to be considered by Councils/Boards so they have the data they need to make a project decision.</b>
<b>FEB/MARCH</b>	<b>Publish P4, announcing intended project(s)/last public meeting to adopt all appropriate application Resolutions. Prepare and send letter of intent and Resolution to Submit the Application to ADOH before the end of March, 120 days before the application due date.</b>
<b>APRIL/MAY/JUNE</b>	<b>Letter of Intent due to ADOH April 1. Application preparation, SEAGO reviews forms</b>

**JULY**

**DEADLINE FOR SUBMITTING RA CDBG APPLICATIONS TO SEAGO IS JULY 1.** SEAGO Administrative Council or Committee meets to review and recommend RA applications for funding. Executive Board or Committee recommends RA Applications to ADOH.

Deadline for SEAGO's submission of RA Applications to the ADOH is **AUGUST 1.**

**APPENDIX A**  
**COCHISE COUNTY REGIONAL ACCOUNT ROTATION SCHEDULE**

**The communities of Sierra Vista and Douglas are Entitlement Community status and will not be included in the Cochise County sub-regional rotation.** Within the Cochise County sub-region **ONLY**, each of the six remaining communities within Cochise County: Benson, Bisbee, Cochise County, Huachuca City, Tombstone, and Willcox will follow a six-year rotation. Note that awards require the applicant to meet all compliance thresholds according to ADOH regulations including project eligibility.

1. In 2025, the total sub-regional allocation will be awarded to the City of Tombstone, providing activity projects are eligible and the applicant has met all compliance thresholds according to ADOH regulations.

2. In 2026, the total sub-regional allocation will be awarded to Huachuca City, providing activity projects are eligible and the applicant has met all expenditure and compliance thresholds according to ADOH regulations.

3. In 2027, the total sub-regional allocation will be awarded to the City of Willcox, providing activity projects are eligible and the applicant has met all compliance thresholds according to ADOH regulations.

4. In 2028, the total sub-regional allocation will be awarded to the City of Benson, providing activity projects are eligible and the applicant has met all compliance thresholds according to ADOH regulations.

5. In 2029, the total sub-regional allocation will be awarded to Cochise County, providing activity projects are eligible and the applicant has met all compliance thresholds according to ADOH regulations.

6. In 2030, the total sub-regional allocation will be awarded to the City of Bisbee, providing activity projects are eligible and the applicant has met all compliance thresholds according to ADOH regulations.

7. Communities may trade positions if SEAGO is notified prior to September 1 of each year. The next MOD must contain the final order of funding for that year. Upon receipt of such notification, SEAGO will inform the Department of Housing.

8. All applicants are aware that although the rotation schedule is agreed to in this MOD, there is no legally binding commitment from ADOH for future years funding to any community.

**APPENDIX B**  
**GRAHAM COUNTY REGIONAL ACCOUNT ROTATION SCHEDULE**

Within the Graham County sub-region **ONLY**, each of the four communities within Graham County, Graham County, Pima, Safford, and Thatcher will follow a four-year rotation. Note that awards require the applicant to meet all compliance thresholds according to ADOH regulations including project eligibility.

1. In 2025, the total sub-regional allocation will be awarded to Graham County, providing activity projects are eligible and the applicant has met all expenditure and compliance thresholds according to ADOH regulations.
2. In 2026, the total sub-regional allocation will be awarded to the City of Safford, providing activity projects are eligible and the applicant has met all expenditure and compliance thresholds according to ADOH regulations.
3. In 2027, the total sub-regional allocation will be awarded to the Town of Pima, providing activity projects are eligible and the applicant has met all expenditure and compliance thresholds according to ADOH regulations.
4. In 2028, the total sub-regional allocation will be awarded to the Town of Thatcher, providing activity projects are eligible and the applicant has met all expenditure and compliance thresholds according to ADOH regulations.
5. Communities may trade positions if SEAGO is notified prior to September 1 of each year. The next MOD must contain the final order of funding for that year. Upon receipt of such notification, SEAGO will inform the Department of Housing.
6. All applicants are aware that although the rotation schedule is agreed to in this MOD, there is no legally binding commitment from ADOH for future years funding to any community.

**APPENDIX C**  
**GREENLEE COUNTY REGIONAL ACCOUNT ROTATION SCHEDULE**

Within the Greenlee sub-region ONLY, each of the two communities within Greenlee County, Duncan and Clifton, will follow a modified two-year rotation. The County of Greenlee has not recently participated in the CDBG Regional Account distribution. Should the County wish to begin participating and be a part of this rotation system, SEAGO must be notified before September 1 in order to adjust this agreement accordingly for inclusion in future MODs. Note that awards require the applicant to meet all compliance thresholds according to ADOH regulations including project eligibility.

1. In 2025, the total sub-regional allocation will be awarded to the Town of Clifton, providing activity projects are eligible and the applicant has met all expenditure and compliance thresholds according to ADOH regulations
2. In 2026, the total sub-regional allocation will be awarded to the Town of Clifton, providing activity projects are eligible and the applicant has met all expenditure and compliance thresholds according to ADOH regulations
3. In 2027, the total sub-regional allocation will be awarded to the Town of Duncan, providing activity projects are eligible and the applicant has met all expenditure and compliance thresholds according to ADOH regulations.
4. In 2028, the total sub-regional allocation will be awarded to the Town of Duncan, providing activity projects are eligible and the applicant has met all expenditure and compliance thresholds according to ADOH regulations.
5. Communities may trade positions if SEAGO is notified prior to September 1 of each year. The next MOD must contain the final order of funding for that year. Upon receipt of such notification, SEAGO will inform the Department of Housing.
6. All applicants are aware that although the rotation schedule is agreed to in this MOD, there is no legally binding commitment from ADOH for future years funding to any community.

**APPENDIX D**  
**SANTA CRUZ COUNTY REGIONAL ACCOUNT ROTATION SCHEDULE**

Within the Santa Cruz County sub-region **ONLY**, each of the three communities within Santa Cruz County: Nogales, Patagonia, and Santa Cruz County will follow a three year rotation. Note that awards require the applicant to meet all compliance thresholds according to ADOH regulations including project eligibility.

1. In 2025, the total sub-regional allocation will be awarded to the Santa Cruz County, providing activity projects are eligible and the applicant has met all expenditure and compliance thresholds according to ADOH regulations.
2. In 2026, the total sub-regional allocation will be awarded to the City of Nogales, providing activity projects are eligible and the applicant has met all expenditure and compliance thresholds according to ADOH regulations.
3. In 2027, the total sub-regional allocation will be awarded to the Town of Patagonia, providing activity projects are eligible and the applicant has met all expenditure and compliance thresholds according to ADOH regulations.
4. Communities may trade positions if SEAGO is notified prior to September 1 of each year. The next MOD must contain the final order of funding for that year. Upon receipt of such notification, SEAGO will inform the Department of Housing.
5. All applicants are aware that although the rotation schedule is agreed to in this MOD, there is no legally binding commitment from ADOH for future years funding to any community.