



## Community and Cultural Development Committee

**Date:** March 30, 2017

**To:** The Community and Cultural Development Committee

**Through:** Natalie Lewis, Deputy City Manager  
Ruth Giese, Community Service Director

**From:** Elizabeth Morales, Housing and Community Development Director

**Subject:** Housing and Community Development Funding  
Council District: Citywide

### Purpose and Recommendation

The purpose of this report is to present the Community and Cultural Development Committee with the funding recommendations for the FY2017/18 Community Development Block Grant (CDBG), HOME, Emergency Solutions Grant (ESG), and Human Services Programs. There is also prior year funding for HOME Investment Partnerships (HOME) projects that is recommended to be carried over and to be included in the 17/18 funding.

As part of the preparation process of the City's Annual Action Plan (AAP) for FY2017/18, staff is requesting that the Committee review, modify, and/or approve the attached recommendations, which will then be considered by full Council.

### Background

The City of Mesa has participated in the federal CDBG Program for 40 years, the ESG Program for 28 years, and the HOME Program for 24 years. During this time, Mesa has been allocated over \$100 million for a variety of activities including capital improvements, housing, economic development, public services, homeless assistance, emergency shelter, and neighborhood improvements. This substantial investment by the federal government has benefitted many low- to moderate-income Mesa residents, while at the same time, significantly improving their quality of life. For planning purposes, staff is assuming a similar level of CDBG, ESG and HOME funding allocations from the federal government for these programs. If there is an FY17/18 elimination and/or reduction in one or more of these programs or their funding appropriations, staff will return to City Council to discuss an updated funding allocation, based on that available funding.

For FY2017/18, Mesa utilized an application process to solicit proposals from non-profit agencies and City departments for use of its annual allotment of CDBG, ESG, and HOME funds, as well as the City's Human Services programs. Proposals were reviewed by City staff for project eligibility and alignment with the City Council's Strategic Priorities

and Goals, and forwarded to the Housing and Community Development Advisory Board (HCDAB) where they were reviewed and formally rated on March 2 and March 7, 2017. Each funding application received ratings from each Board member, which ranged from Highly Recommend to Not Recommended. Each project could receive up to 9 votes for recommendation. Staff reviews the technical eligibility of the proposals and also considers the Council Strategic Priorities and Goals and the HCDAB's scoring in order to propose draft recommendations for further Council consideration and action. The process is designed to ensure the federal funding is invested in high-need eligible services and is distributed to programs that offer the highest and best returns on this investment to Mesa's low-moderate income residents, businesses and neighborhoods.

A copy of the rating sheets utilized by the HCDAB and staff can be found as the following attachments to this report:

- Attachment A – HCDAB Rating Tool
- Attachment B – Staff Eligibility Review Tool
- Attachment C – Director Funding Recommendations for the CDBG, HOME, ESG, and Human Services programs

### Alternatives

Staff has identified alternatives regarding the FY2017/18 CDBG, HOME, ESG and Human Services programs:

1. Accept the funding recommendations outlined in Attachment C – Acceptance of the attached recommendations will provide a balanced mix of housing activities, economic development, public services, and assistance to non-profit agencies that will help improve the quality of life for Mesa residents and within Mesa neighborhoods. These recommendations are also consistent with the City of Mesa's 5-year goals as outlined in the Mesa Consolidated Plan.
2. Revise the funding recommendations outlined in Attachment C – The Committee could choose to revise the funding recommendations to more closely align with Council Strategic Objectives.

### Fiscal Impact

For planning purposes, the City has anticipated FY2017/18 allocations by the Department of Housing and Urban Development (HUD) for CDBG, HOME and ESG funding. The allocations are based on prior year funding; however, HUD may be reducing 17/18 funding which will likely not be known until May/June 2017. Staff have identified possible reductions of 15%, and provided the funding cutoff at that level. Should full prior year funding be given, it would be as follows:

HUD Program	FY2017/18	Prior Year Funds	FY2017/18 Proposals Rec'd
<b>CDBG</b>	\$ 3,224,529	\$ 0	\$ 3,240,050
<b>HOME</b>	\$ 1,002,129	\$ 60,000	\$ 2,603,675
<b>ESG</b>	\$ 287,998	\$ 0	\$ 1,575,960
<b>Total</b>	<b>\$ 4,514,656</b>	<b>\$ 60,000</b>	<b>\$ 6,150,069</b>

FY2017/18 Human Services program funding is expected to remain stable and is based on last year's initial allocation amounts. Anticipated amounts are as follows:

<b>Human Services Program</b>	<b>FY2017/18 Allocation</b>	<b>FY2017/18 Proposals Rec'd</b>
<b>General Fund &amp; ABC Contributions</b>	\$ 780,000	\$ 1,749,078

Coordinated With

The CDBG, HOME, and ESG funding applications have been reviewed with applicants, citizens, other city departments, and the HCDAB.

Final funding recommendations by Council will be included in the City's Annual Agency Plan (AAP) that serves as its formal application to HUD for funding of the CDBG, HOME, and ESG programs. The AAP will be available for review starting April 16, 2017, and the residents of Mesa are encouraged to provide feedback during the required 30-day comment period that ends on May 16, 2017. Residents can also provide feedback during a public hearing that will occur on May 4, 2017 at 6:00 p.m. Lower Level Council Chambers (57 E. 1<sup>st</sup> Street) at the regularly scheduled Housing and Community Development Advisory Board meeting. On May 16, 2017, the AAP will go before Council, and, if approved, it will be submitted to HUD no later than June 30, 2017.

These meetings meet the Citizen Participation requirements set by HUD for participation in these federal programs.