



## City Council Report

**Date:** March 22, 2018

**To:** City Council

**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 City Council funding recommendations for the FY2018/19 Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG), and Human Services Programs. There is also prior year funding for HOME projects that is recommended to be carried over and to be included in the 18/19 funding.

As part of the preparation process of the City's Annual Action Plan (AAP) for FY2018/19, staff is requesting that City Council review, modify, and/or approve the attached recommendations.

### **Background**

The City of Mesa has participated in the federal CDBG Program for 41 years, the ESG Program for 29 years, and the HOME Program for 25 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 FY18/19 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 FY2018/19, 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 and scored by evaluations committees comprised of City staff and community members for up to 70 points. On February 6 and February 7, 2018, the

Housing and Community Development Advisory Board (HCDAB) heard presentations for each funding application and scored the presentations for up to 30 points. At the start of each review process, staff reaffirmed the City's appreciation of the work the review committees/board and that their work was important to the decision-making process. They were also reminded of their advisory role capacity, and that final decisions would be made by the City Council, and would also consider their priorities for Mesa and those in the Consolidated Plan. In preparation for Council review and action, the Housing and Community Development Director receives the compilation of scores and considers the Council Strategic Priorities and Goals to propose the draft recommendations. 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 Director Funding Recommendations for the CDBG, HOME, ESG, and Human Services programs can be found as the following attachments to this report:

- Attachment A – Director Funding Recommendations for the CDBG programs
- Attachment B – Director Funding Recommendations for the HOME and ESG programs
- Attachment C – Director Funding Recommendations for the Human Services programs
- Attachment D – Five Year Funding History for HUD and Human Services Programs

### **Alternatives**

Staff has identified alternatives regarding the FY2018/19 CDBG, HOME, ESG and Human Services programs:

1. Accept the funding recommendations outlined in Attachments A, B and 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 Attachments A, B and C – City Council could choose to revise the funding recommendations to more closely align with Council Strategic Objectives.

### **Fiscal Impact**

For planning purposes, the City has anticipated FY2018/19 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 18/19 funding which will likely not be known until May/June 2018. 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	FY 2018/19 Allocation	Prior Year Funds	FY2018/19 Proposals Rec'd	Applications Received
CDBG Public Service	\$481,530	\$0	\$1,070,388	13
CDBG Non-Public Service	\$2,086,631	\$0	\$3,564,565	11
HOME	\$916,811	\$1,373,727	\$1,444,449	1
ESG	\$268,524	\$0	\$451,704	5
<b>Total HUD Program</b>	<b>\$3,753,496</b>	<b>\$1,373,727</b>	<b>\$6,531,106</b>	<b>30</b>

*(Above figures are available for subrecipient allocation and exclude administrative costs)*

FY2018/19 Human Services program funding is expected to remain stable and is based on last year's initial allocation amounts. Anticipated amounts are as follows:

Human Services Program	FY2018/19 Allocation	Prior Year Funds	FY2018/19 Proposals Rec'd	Applications Received
<b>Total General Fund &amp; ABC Contributions</b>	<b>\$720,000</b>	<b>\$0</b>	<b>\$1,118,439</b>	<b>22</b>

<b>Total HUD &amp; Human Service</b>	<b>\$4,473,496</b>	<b>\$1,373,727</b>	<b>\$7,649,545</b>	<b>52</b>
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*(Above figure is available for subrecipient allocation and excludes administrative costs)*

### **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 Action 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 1, 2018, and the residents of Mesa are encouraged to provide feedback during the required 30-day comment period that ends on April 30, 2018. Residents can also provide feedback during a public hearing that will occur on April 11 and April 25, 2018 at 5:00 p.m. at Fire Station No 201. On May 7, 2018, the AAP will go before Council, and if approved, it will be submitted to HUD no later than May 15, 2018.

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