



City Council Report

Date: July 2, 2018

To: City Council

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

From: Elizabeth Morales, Housing and Community Development Director

Subject: FY 2018/2019 Annual Action Plan

Resolutions Authorizing:

1. Approval of the FY 2018/2019 Annual Action Plan
2. CDBG funding for activities of for-profit and non-profit organizations, and City departments (FY 2018/2019)
3. HOME funding for activities of for-profit and non-profit organizations, and City departments (FY 2018/2019)
4. ESG funding for all projects (FY 2018/2019)
5. Human Services funding for non-profit organizations (FY 2018/2019)

Council District: Citywide

Purpose and Recommendation

The purpose of this report is to request the Mesa City Council to approve the City's FY 2018/19 Annual Action Plan (AAP) for submittal to the Department of Housing and Urban Development (HUD). Based on previous City Council direction, public hearings and following the required 30-day public comment period, authorization is requested to approve the funding recommendations with resolutions authorizing the City Manager to proceed with an application to HUD for FY 2018/2019 funding through the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG) programs. In addition, a resolution approving the City of Mesa's FY 2018/2019 Annual Action Plan is also requested. The City's application is due to HUD 45 days prior to the 2018/2019 fiscal year, but no later than August 16, 2018. Staff is also requesting a resolution authorizing the allocation of funding under the Human Services program.

The above actions are requirements to receive the annual federal awards.

Background

The AAP includes the proposed activities and funding allocations for FY 2018/19 CDBG, HOME, ESG, and Human Services programs to address the needs identified in the FY 2015-2019 Five-Year Consolidated Plan. The AAP is consistent with the Five-Year Consolidated Plan incorporating objectives that foster the availability/accessibility, affordability, and sustainability of: 1) decent housing; 2) a suitable living environment; and 3) economic opportunity. The AAP attempts to achieve these objectives through targeted efforts to address the priority issues of affordable housing, homeless, special needs and community development (non-housing). The FY 2015-2019 Five-Year Consolidated Plan was approved by City Council in 2015.

The City has participated in the federal CDBG Program for 42 years, the ESG Program for 30 years, and the HOME Program for 26 years. During this time, the City was allocated by HUD over \$109 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.

On May 1, 2018, HUD published the City's allocation for FY 2018/2019 which is as follows:

	FY 2018/2019 Original Estimated Allocation	FY 2018/2019 Final Actual Allocation	Increase/Decrease in HUD Funding
Community Development Block Grant	\$3,210,201	\$3,634,821	\$424,620
HOME Investment Partnership Program	\$1,018,679	\$1,451,891	\$433,212
Emergency Solutions Grant	\$290,296	\$288,990	(-\$1,306)

There is also \$845,310 (HOME) of prior year and program income that will be allocated to programs and projects. In addition, Human Services funding from the ABC program and the general funds amounts to \$720,000. See Attachment A for programs and projects funded for FY 2018/2019.

Based on the final funding announcement by HUD and the direction by the City Council at the March 22, 2018 City Council Study Session meeting, staff has made the following funding updates to incorporate the increased funding.

Human Services Program- Council Direction

- Paz de Cristo funded with \$50,020 in Human Service funding with an approximately 3% reduction across the other Human Service applicants.

HOME Program Additional Funding

- Homebuyer Down Payment Assistance activity funded \$150,000 to provide low income homeowners with down payment funds administered by City staff.
- Increase Homeowner rehab program by \$240,889 for septic tank replacements in collaboration with Water Department administered by City staff.

ESG Program Reduced Funding

- The reduction of \$1,306 was applied to Administrative portion of grant to not impact projects.
- Due to a 60% required shelter cap for ESG, a nominal \$784 was moved from A New Leaf homeless shelter to a single non-shelter project, Save the Family Rapid Rehousing program.

CDBG Council Direction:

- Child Crisis Center, Campus Expansion - Phase 2, allocated \$190,000 as a new funded project with intention of fully funding at later date.
- Downtown Façade Improvement Program restored to \$250,000.

CDBG Increased CDBG Funding

- Marc Community Resources funded \$63,693 in “public service” CDBG funding in FY 2018/2019 that provides employment for persons experiencing homelessness. Due to late start of FY17/18 funding, Marc Community Resources was not able to fully implement A FY 2017/2018 new project which required this additional funding.
- Child Crisis Center, Campus Expansion - Phase 2, allocated additional funds to project totaling \$494,497.

The FY 2018/2019 AAP can be found on the City’s website at: <http://www.mesaaz.gov/home/showdocument?id=27711>. The funding recommendations for the FY 2018/2019 AAP and the resolutions can be found as the following additions to this report:

- Attachment A – FY 2018/2019 funding allocations for CDBG, HOME, ESG and Human Services programs.
- Resolutions for the FY 2018/2019 Annual Action Plan, CDBG funding for activities of for-profit and non-profit organizations, and City departments (FY 2018/2019), HOME funding for activities of for-profit and non-profit organizations, and City departments (FY 2018/2019), ESG funding for all projects (FY 2018/2019) and Human Services for non-profit organizations (FY 2018/2019).

The funding recommendations included in the FY 2018/2019 AAP were presented and modified in several public forums over the past year including grant training sessions for subrecipients. These forums include:

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| April 30 | 30-Day comment period begins for FY 2018/2019 Annual Action Plan. |
| May 19 | Public Hearing #1 – CDBG, ESG, HOME, and Human Services projects for FY 2018/2019. Soliciting public comment for Federal Community Development projects for upcoming fiscal year. |

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| May 22 | Public Hearing #2 – CDBG, ESG, HOME, and Human Services projects for FY 2018/2019. Soliciting public comment for Federal Community Development projects for upcoming fiscal year. |
| June 6 | Public Hearing #3 - CDBG, ESG, HOME, and Human Services projects for FY 2018/2019. Soliciting public comment for Federal Community Development projects for upcoming fiscal year. |
| June 19 | Extended 30-day comment period ended at 6:00 p.m. for FY 2018/2019 Annual Action Plan. |

No comments were received from the public on the proposed FY 2018/2019 AAP.

The public hearings conducted meet the Citizen Participation requirements set by HUD for participation in these federal programs.

Alternatives

Two alternatives regarding the FY 2018/2019 CDBG, HOME, ESG and Human Services programs have been identified:

1. Approve the FY 2018/2019 AAP and funding recommendations in Attachment A and resolutions – Acceptance of the FY 2018/2019 AAP and attached recommendations and resolutions 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. Modify funding recommendations – Making additional changes to funding recommendations can occur but will result in republishing public notice and holding new public comment meetings. It would require a special Council meeting and possibly late submission to HUD.
3. Deny the FY 2018/2019 AAP and funding recommendations in Attachment A and resolutions – The Council could choose to deny the FY 2018/2019 Annual Action Plan and funding recommendations and resolutions. This alternative prevents the City of Mesa from receiving federal funds from HUD.

Fiscal Impact

The City has received its FY 2018/2019 award letter from HUD for CDBG, HOME and ESG funding. The City contributes \$612,000 of general funds plus \$108,000 of ABC funds for Human Services projects and programs.

Coordinated With

The proposed CDBG, HOME, ESG, and Human Services program funding recommendations were reviewed with applicants, citizens, non-profits, the Housing and Community Development department, other City departments, and the Housing and Community Development Advisory Board.