



Community and Cultural Development Committee

Date: April 4, 2019

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 (Committee) with the funding recommendations for the FY2019/2020 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 2019/2020 funding.

As part of the preparation process of the City's Annual Action Plan (AAP) for FY2019/2020, staff is requesting that the Committee review, modify, and/or approve the attached recommendations, which will then be considered by full Council.

In addition, this report requests approval of a new policy which states that any organization requesting federal funds from the City of Mesa must demonstrate that they have other funding sources, that are greater than 51% of the organization's total budget.

Background

The City of Mesa 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, 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.

Discussion

For FY 2019/2020, 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. A total of 60 applications were received as demonstrated in the following tables.

HUD Program	FY 2019/20 Allocation	Prior Year Funds	FY2019/20 Proposals Received	Applications Received
CDBG Public Service	\$545,223	\$24,443	\$603,081	9
CDBG Non-Public Service	\$2,362,634	\$0	\$3,090,560	10
HOME	\$1,306,701	\$700,000	\$1,556,810	2
ESG	\$268,524	\$0	\$510,000	6
Total HUD Program	\$4,483,082	\$724,443	\$5,760,451	27

FY2019/2020 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	FY2019/2020 Allocation	Prior Year Funds	FY2019/2020 Proposals Received	Applications Received
Total General Fund & ABC Contributions	\$720,000	\$0	\$1,249,683	33
Total HUD & Human Service	\$5,203,082	\$724,443	\$7,010,134	60

Proposals were reviewed and scored by evaluations committees comprised of City staff and community members for up to 70 points. On February 26 and February 27, 2019, the Housing and Community Development Advisory Board (HCDAB) heard presentations for each funding application and scored the presentations for up to 30 points. 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 fairly and wisely to serve 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

Staff are recommending a new policy for future funding opportunities that would require organizations applying for federal funds to demonstrate that they have other funding sources, such as private donations, other federal and local grants, that are greater than 51% of the organization's total budget. This is to ensure that organizations are not solely dependent on City funding.

Alternatives

1. Revise the funding recommendations outlined in Attachments A, B and C –The Committee could recommend revising the funding recommendations to the full City Council. It is the City Council's prerogative to make changes to the recommendations in order to closely align with Council Strategic Objectives. If changes are made, staff will return to the Committee to finalize the recommendations that will be forwarded to the full City Council.

Fiscal Impact

For planning purposes, the City has anticipated FY2019/2020 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 2019/2020 funding which will likely not be known until May/June 2019. If there is an FY2019/2020 elimination and/or reduction in one or more of these programs or their funding appropriations, staff will return to the Committee and Council for direction on how to apply the reduction in funding.

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 AAP that serves as its formal application to HUD for funding of the CDBG, HOME, and ESG programs. The AAP is estimated to be available for review starting May 13, 2019, and the residents of Mesa are encouraged to provide feedback during the required 30-day comment period that ends on June 12, 2019. Residents can also provide feedback during a public hearing, which has not been set but will take place in May and will be publicized with date, time and location. Once approved, it will be submitted to HUD no later than June 30, 2019.

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