



City Council Report

Date: June 17, 2019

To: City Council

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

From: Elizabeth Morales, Housing and Community Development Director

Subject: FY 2019/2020 Annual Action Plan
Council District: Citywide

Resolutions Authorizing:

1. Approval of the FY 2019/2020 Annual Action Plan
2. CDBG funding for approved activities (FY 2019/2020)
3. HOME funding for approved activities (FY 2019/2020)
4. ESG funding for all projects (FY 2019/2020)
5. Human Services funding for non-profit organizations (FY 2019/2020)

Council District: Citywide

Purpose and Recommendation

The purpose of this report is to request the City Council to approve the City's FY 2019/2020 Annual Action Plan (AAP) for submittal to the U.S. Department of Housing and Urban Development (HUD). The FY 2019/2020 AAP can be found on the City's website at: <https://www.mesaaz.gov/home/showdocument?id=33830>.

Based on previous City Council direction, public hearings and the required thirty-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 2019/2020 funding through the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG) programs, and to approve the disbursement of such funding if received. In addition, a resolution approving the City of Mesa's FY 2019/2020 Annual Action Plan is also requested. The City's application is due to HUD sixty days after the date allocations are announced, or August 16, 2019, whichever comes first. Staff is also requesting a resolution authorizing the allocation of funding under the Human Services program.

The above actions are requirements of HUD to receive the annual federal awards of CDBG, HOME and ESG funding.

Background

Proposed activities and funding allocations for FY 2019/2020 CDBG, HOME, ESG, and Human Services programs are included in the AAP 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. A consultant is currently working with staff on a FY 2020-2024 Five-Year Consolidated Plan.

The City has participated in the federal CDBG Program for 43 years, the ESG Program for 31 years, and the HOME Program for 27 years. During this time, the City was allocated by HUD over \$114 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 March 11, 2019, HUD published the City's allocation for FY 2019/2020 as follows:

	FY 2019/2020 Original Estimated Allocation	FY 2019/2020 Final Actual Allocation	Increase/Decrease in HUD Funding
Community Development Block Grant	\$3,634,821	\$3,729,487	\$94,666
HOME Investment Partnership Program	\$1,451,991	\$1,356,261	(\$95,730)
Emergency Solutions Grant	\$288,990	\$308,423	\$19,433

There is an additional \$700,000 in HOME program funding available from prior year(s) and program income that will be allocated to programs and projects. The City also has available Human Services funding from the ABC (A Better Community) program and the general fund that amounts to \$720,000. See Attachment A for programs and projects recommended to be funded for FY 2019/2020.

Based on the final funding announcement by HUD and the approval by the City Council at the May 9, 2019 City Council Study Session meeting, the approved funding recommendations for the FY 2019/2020 AAP, City staff has prepared resolutions for City Council approval. Attached to this report are the following pieces of information related to the requested City Council approval:

- Attachment A – FY 2019/2020 funding allocations for CDBG, HOME, ESG and Human Services programs.
- Resolutions for the FY 2019/2020 Annual Action Plan, CDBG funding for activities, HOME funding for activities, ESG funding for all projects (FY 2019/2020) and Human Services for non-profit organizations (FY 2019/2020).
- Five comment(s) received from the public on the proposed FY 2019/2020 AAP.

The funding recommendations included in the FY 2019/2020 AAP were presented and modified as a result of several public forums over the past year including grant training sessions for subrecipients. These forums include:

- Nov 28, 2018 Public Hearing #1 – CDBG, ESG, HOME, and Human Services projects for FY 2019/2020. Soliciting public comment for Federal Community Development projects for upcoming fiscal year.
- May 13, 2019 30-Day comment period begins for FY 2019/2020 Annual Action Plan.
- May 30, 2019 Public Hearing #2 – CDBG, ESG, HOME, and Human Services projects for FY 2019/2020. Soliciting public comment for Federal Community Development projects for upcoming fiscal year.
- June 3, 2019 Public Hearing #3 - CDBG, ESG, HOME, and Human Services projects for FY 2019/2020. Soliciting public comment for Federal Community Development projects for upcoming fiscal year.

Five comment(s) were received from the public on the proposed FY 2019/2020 AAP. Three comments requested more transportation and affordable housing for elderly in East Mesa. Another comment stressed the importance of ensuring compliance with the Americans with Disabilities Act (ADA) in City facilities. The final comment asked for consideration to be made regarding the accelerating climate changes in desert living, including the need for a climate solution committee/council/agency to would participate in planning activities.

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

Alternatives

The following alternatives regarding the FY 2019/2020 CDBG, HOME, ESG and Human Services programs have been identified:

1. Approve the FY 2019/2020 AAP and funding recommendations in Attachment A and resolutions – Acceptance of the FY 2019/2020 AAP and attached recommendations and resolutions. This 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 five-year goals as outlined in Mesa’s Five-Year Consolidated Plan
2. Modify funding recommendations in the AAP and Attachment A – Make additional changes to the AAP and funding recommendations. This is permitted but would require in republishing public notice and holding new public comment meetings. It would require a special Council meeting and possibly late submission of required documents to HUD.

3. Deny the FY 2019/2020 AAP and funding recommendations in Attachment A–
The Council could choose to deny the FY 2019/2020 Annual Action Plan and funding recommendations. This alternative prevents the City of Mesa from receiving the federal funds for these programs from HUD.

Fiscal Impact

The City received its FY 2019/2020 award letter from HUD for CDBG, HOME and ESG funding. The City contributes \$612,000 of general funds, on top of the \$108,000 of ABC funds from Mesa utility account holders, 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.