



## City Council

**Date:** April 23, 2020  
**To:** City Council  
**Through:** Natalie Lewis, Deputy City Manager  
Ruth Giese, Community Service Director  
**From:** Michelle Albanese, 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 City Council with funding recommendations for FY 2020/21 Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG), and Human Services Programs. There is also prior year's funding for CDBG and HOME that is recommended to be carried over and to be included in the FY 2020/21 funding.

As part of the preparation process of the City's Annual Action Plan (AAP) for FY 2020/21, staff is requesting Council to review, modify, and/or accept the attached recommendations.

### **Background**

The City of Mesa has participated in the federal CDBG Program for 43 years, HOME Program for 27 years, and ESG Program for 31 years and has received over \$100 million to deliver critical services to low- to moderate-income persons whose income falls below 80% of the area median income (AMI.) This substantial investment, provided through the Department of Housing and Urban Development (HUD), has benefitted many Mesa residents by significantly improving their quality of life, while also revitalizing and preserving neighborhoods. These federal programs fund a variety of activities including capital improvements, housing, public services, homeless assistance, emergency shelter and transitional housing, and neighborhood improvements.

## **Discussion**

The City utilizes an application process to solicit proposals annually from non-profit agencies and City departments for use of its annual allocation of CDBG, ESG, and HOME funds as well as the City's Human Services funding. The application process is designed to ensure the City addresses high-priority needs and funds programs and services that meet City Council Strategic Priorities and 5-Year HUD Consolidated Plan (Consolidated Plan.)

An Applicant Orientation was held on November 21, 2019 to explain program requirements for each funding source, identify funding priorities for FY 2020/21, answer questions, and provide technical assistance. Three training sessions on Zoom Grants, the City's web-based grants management system, were available for applicants seeking additional technical assistance for submitting their application.

Applications were reviewed by Housing and Community Development (HCD) staff and scored, up to 70 points based on eligibility and agency capacity. Eligible applications were made available to the Housing and Community Development Advisory Board (HCDAB) to review each application and develop follow-up questions for the agencies. Along with the funding application request, each agency was required to submit a video presentation describing their agency's proposed activity and funding request. The video presentation was required in lieu of actual presentations to the HCDAB.

On February 19, 2020, agencies applying for funding had the opportunity to address the HCDAB's follow up questions to their applications. The HCDAB then scored the applications, up to 30 points, based on five specific questions they developed prior to the applicant orientation. The average of HCDAB's scores were combined with staff's scores to establish an overall score for each application.

The HCD Director received the compilation of scores, considered the Council Strategic Priorities and Goals, and developed draft funding recommendations to present to the Community and Cultural Development (CCD) Committee, and for further City Council consideration and approval.

On March 19, 2020 the proposed funding recommendations were presented to the CCD Committee for review and discussion. The CCD Committee agreed with the recommended funding allocations for the FY 2020/21 CDBG, HOME, ESG, and Human Services Programs.

A copy of the HCD Director's Funding Recommendations for the CDBG, HOME, ESG, and Human Services programs can be found as the following attachments to this report:

- Attachment A - Funding Recommendations Summary
- Attachment B - Funding Recommendations for the CDBG programs
- Attachment C - Funding Recommendations for the HOME
- Attachment D - Funding Recommendations ESG programs
- Attachment E - Funding Recommendations for the Human Services programs

## **Fiscal Impact**

HUD notified the City on February 24, 2020 of the FY 2020/21 funding allocations for CDBG, ESG and HOME. There is an increase in funding of 9% for CDBG, 11% for HOME, and 6% for ESG. Unallocated prior year's funding and program income is also available and will be reprogrammed for eligible HOME and CDBG projects.

The City anticipates receiving \$4,066,246 in CDBG funds for FY 2020/21 and has an additional \$1,943,150 available for reprogramming, for a total of \$6,009,396. The estimated HOME allocation for FY 2020/21 is \$1,510,846, plus \$239,800 available for reprogramming, for a total of \$1,750,646. The estimated ESG allocation for FY 2020/21 is \$327,701. These funding amounts are based on HUD's preliminary allocation notice and are subject to change until the Final Award Letter is received and the Funding Agreement is executed. The Housing and Community Development Director may adjust the allocations of CDBG, HOME, and ESG funds as necessary (increase or decrease) based upon final HUD allocations.

Funding details for CDBG, HOME, and ESG, including program income, reprogrammed funds and administration allocation are illustrated in the Funding Summary (Attachment A.) Anticipated total funding available (not including admin) and number of applications received are illustrated in the following tables.

<b>HUD Programs</b>	<b>FY 2020/21 Allocation</b>	<b>FY 2020/21 Funding Requests</b>	<b>Applications Received</b>
<b>CDBG Public Service</b>	\$627,464	\$1,064,709	9
<b>CDBG Non-Public Service</b>	\$4,568,683	\$5,928,963	11
<b>HOME</b>	\$1,599,561	\$1,464,122	5
<b>ESG</b>	\$303,123	\$455,000	4
<b>Total HUD Programs</b>	\$7,098,831	\$8,912,794	29

Funding available for Human Services Programs for FY 2020/21 is \$570,000. Anticipated amounts are as follows:

<b>Human Services Program</b>	<b>FY 2020/21 Funding Available</b>	<b>FY 2020/21 Funding Requests</b>	<b>Applications Received</b>
<b>Total General Fund &amp; ABC Contributions</b>	\$570,000	\$1,118,439	39
<b>Total HUD &amp; Human Services</b>	<b>\$7,668,831</b>	<b>\$10,031,233</b>	<b>68</b>

## **Alternatives**

Staff has identified alternatives regarding funding for FY 2020/21 CDBG, HOME, ESG and Human Services programs:

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

## **Coordinated With**

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

Final funding recommendations approved by City Council will be included in the City's AAP which serves as the formal application to HUD for funding of the CDBG, HOME, and ESG programs. The FY 2020/21 AAP, 5-Year Consolidated Plan for FY 2020-2024, and Analysis of Impediments to Fair Housing will be available for review and public comment in May. Mesa residents are encouraged to provide feedback during the required comment period. The FY 2020/21 AAP, 5-Year Consolidated Plan for FY 2020-2024, and Analysis of Impediments to Fair Housing will go before the City Council for approval in May.

The Annual Funding Process and public hearings before the HCDAB, CCD Committee and City Council complies with the City's Citizen Participation Plan as required by HUD for participation in these federal programs.