



City Council

Date: April 15, 2024
To: City Council
Through: Candace Cannistraro, Deputy City Manager
Ruth Giese, Community Services Director
From: Michelle Albanese, Housing and Community Development Director
Subject: FY 2024/2025 CDBG, ESG, HOME, and Human Services Funding Recommendations
Council District: Citywide

Resolution Authorizing:

A resolution approving and authorizing the submittal of the City of Mesa Annual Action Plan (AAP) for FY 2024/2025, authorizing the submittal of applications to receive Entitlement Funds for FY 2024/2025 under the United States Department of Housing and Urban Development (HUD) Community Development Block Grant Program (CDBG), Emergency Solutions Grant Program (ESG), and the HOME Investment Partnerships Program (HOME) to fund activities approved by the City Council, authorizing the disbursement and expenditure of entitlement funds received, and authorizing the City Manager or his designated representative, to disperse FY 2024/2025 Human Services funds to non-profit organizations for activities approved by the City Council and to enter into agreements for disbursement of Human Services funds.

Purpose and Recommendation

The purpose of this report is to request the City Council's approval of the City's FY 2024/2025 funding recommendations for CDBG, HOME, ESG, and Human Services Programs. These actions are requirements of HUD to receive the annual federal awards of CDBG, HOME, and ESG funding.

Background

The City of Mesa has participated in the federal CDBG Program for 47 years, ESG Program for 35 years, and HOME 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.) These federal programs fund a variety of activities including capital improvements, housing, public services, homeless assistance, emergency shelter and transitional housing, and neighborhood improvements. Recipients of HUD funds are required to develop a Consolidated Plan (CP) every five years to assess the community's needs, prioritize services to be provided, and identify goals, objectives, and outcomes to address homelessness, other special needs, affordable housing, and community development.

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, and the city's Human Services funding. The application process ensures the city addresses high-priority needs and funds programs and services that meet City Council Strategic Priorities and goals identified in the CP.

The application process was open from September 13, 2023 – October 9, 2023. On September 13, 2023, a funding orientation was held for non-profit agencies to explain the requirements of CDBG, ESG, HOME, and Human Services programs. Staff provided an overview of the funding process, presented City Council Strategic Priorities, explained specific requirements of each funding source, and identified key dates. Technical assistance was available to agencies during the open application process and staff were available to meet with agencies individually during this time.

A training session was held on September 10, 2023, for Zoom Grants, the city's web-based grants management system, for applicants seeking additional technical assistance with submitting their applications.

Applications were reviewed by staff for eligibility, agency capacity, and ability to comply with applicable regulatory requirements. Eligible applications were made available to the Housing and Community Development Advisory Board (HCDAB) for review.

On December 5, 2023, and December 6, 2023, applicants applying for funding presented to the HCDAB their funding application and proposed program. At that meeting, the HCDAB had an opportunity to ask applicants follow-up questions. The HCDAB then scored the applications, based on five specific questions they developed before the applicant orientation.

The HCDAB's average scores (up to 30 points) and staff's scores (up to 70 points) were combined to establish an overall score for each application. The Housing and Community Development Director received the compilation of scores and worked with staff to develop the proposed funding recommendations.

The funding recommendations were presented to the City Council at the Study Session on March 7, 2024. A copy of the funding recommendations for the CDBG, HOME, ESG, and Human Services programs and a summary of each activity are outlined in Attachment A.

The required 30-day comment period began on March 6, 2024, and concluded on April 5, 2024. No public comments were received during the 30-day comment period. The 30-day public comment period meets the Citizen Participation requirements set by HUD. The AAP is due to HUD on May 15, 2024.

Proposed activities and funding allocations for FY 2024/2025 for CDBG, ESG, HOME, and Human Services programs are included in the AAP to address the needs identified in the CP and City Council Strategic Priorities. The AAP is consistent with the CP and incorporates HUD’s 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 issues of affordable housing, homelessness, special needs, and community development. A copy of the AAP is included as Attachment B to the Council Report.

Fiscal Impact

For FY 2024/2025 the city anticipates receiving \$4,050,391 in CDBG entitlement funds, plus reprogrammed funds of \$177,799 and program income of \$31,952; \$1,691,632 in HOME entitlement funds, plus reprogrammed funds of \$5,022,407; and \$361,881 in ESG funds. The total anticipated federal funding for programs (excluding program administration) is as follows:

CDBG Funds	FY 2024/25 Funding Available	FY 2024/25 Funding Requests	Applications Received
CDBG Public Service	\$639,511	\$1,823,729	18
CDBG Non-Public Service	\$2,810,553	\$5,044,710	5
HOME	\$5,891,131	\$7,140,000	2
ESG	\$334,740	\$457,000	5
Total HUD Programs	\$9,675,935	\$14,465,439	30

The Housing and Community Development Director may adjust the agency awards for CDBG, HOME, and ESG funds as necessary (increase or decrease) based upon final HUD allocations.

Below is the anticipated amount of funding available and funding requested for Human Services Programs:

Human Services Program	FY 2024/25 Funding Available	FY 2024/25 Funding Requests	Applications Received
Total General Fund & ABC Contributions	\$632,583	\$1,605,556	41
Total HUD & Human Services	\$10,308,518	\$16,070,995	71

Alternatives

Staff has identified alternatives regarding the FY 2024/2025 AAP and funding recommendations for CDBG, HOME, ESG, and Human Services Programs.

1. Approve the FY 2024/2025 AAP and funding recommendations outlined in Attachment A – Approval of the plans and 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 funding recommendations are consistent with the goals outlined in the 5-Year HUD Consolidated Plan.
2. Make changes to FY 2024/2025 AAP or modify the funding recommendations in the AAP and outlined in Attachment A – This is permitted but would require republishing public notices and holding another 30-day public comment period. This would require a special Council meeting and possibly result in late submission of required documents to HUD.
3. Deny the FY 2024/2025 AAP and funding recommendations outlined in Attachment A – The Council could choose to deny the AAP and funding recommendations. This alternative prevents the City of Mesa from receiving federal CDBG, HOME, and ESG funds from HUD.

Coordinated With

The FY 2024/2025 AAP and funding recommendations have been made public and reviewed with applicants, citizens, other city departments, the Housing and Community Development Advisory Board (HCDAB), and the Community and Cultural Development (CCD) Board.