



City Council

Date: May 4, 2026
To: City Council
Through: Candace Cannistraro, Deputy City Manager
Ruth Giese, Community Services Director
From: Michelle Albanese, Housing and Community Development Director
Subject: FY 2026/2027 CDBG, ESG, HOME, and Human Services Funding Recommendations
Council District: Citywide

Resolution Authorizing:

A resolution approving Human Services Funding, Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and Emergency Solutions Grant (ESG) funding recommendations for FY 2026/2027, approving and authorizing the submittal of the City of Mesa Annual Action Plan for FY 2026/2027 (AAP), and authorizing the submittal of applications to receive Entitlement Funds for FY 2026/2027 under the United States Department of Housing and Urban Development CDBG, HOME, and ESG Grants to fund activities approved by the City Council, and authorizing the disbursement and expenditure of funds received.

Purpose and Recommendation

The purpose of this report is to request City Council approval of the City's FY 2026/2027 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 49 years, ESG Program for 37 years, and HOME Program for 33 years, and has received over \$150 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 5-Year Consolidated Plan every five years to assess the needs of the community and prioritize services to be provided to meet those needs.

The 2025-2029 5-Year HUD Consolidated Plan, approved by City Council on May 12, 2025, contains a range of goals, objectives, and outcomes formulated to address needs identified for homelessness, other special needs, affordable housing, community development, barriers to affordable housing, and lead-based paint hazards.

Discussion

The city sets aside CDBG and HOME funds for core city programs and projects. The city also utilizes an annual application process to solicit proposals from non-profit agencies for use of CDBG, ESG, HOME funds, and the city's Human Services funding. The funding application process was open September 10, 2025 – October 1, 2025, with a funding orientation held for non-profit agencies on September 10, 2025.

Submitted applications were reviewed by staff for eligibility, agency capacity, and ability to comply with applicable regulatory requirements, and applications were scored. Eligible applications were made available to the Housing and Community Development Advisory Board (HCDAB). On December 8, 2025, and December 9, 2025, agencies applying for funding presented to the HCDAB on their funding application and proposed program. The HCDAB scored the applications, based on five specific questions they developed prior to the applicant orientation. The HCDAB's average scores (up to 30 points) and staff 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, ranking each application by average score, and developed the proposed funding recommendations which were presented to the City Manager on February 3, 2026.

Recommendations were presented to the Community and Cultural Development Committee (CCD) on March 19, 2026. CCD recommendations were presented to City Council on March 26, 2026. City Council approved the funding recommendations at that meeting. A copy of the funding recommendations for the CDBG, HOME, ESG, and Human Services programs (Attachment A) and application program summaries (Attachment B) are included with this report.

Proposed activities and funding allocations for FY 2026/2027 for CDBG, ESG, and HOME are included in the AAP. The required 30-day comment period for the AAP began on March 30, 2026, and concluded on April 30, 2026. Any comments received during the 30-day comment period will be incorporated in the AAP and submitted to HUD by May 15, 2026. The 30-day public comment period meets the Citizen Participation requirements set by HUD.

Fiscal Impact

HUD released the FY 2026/2027 funding allocations for CDBG, HOME, and ESG on April 3, 2026. For FY 2026/2027 the city will receive \$3,524,255 in CDBG funds (plus program income of \$18,221); \$1,256,196 in HOME funds (plus carry-over of \$5,325,339) and \$323,030 in ESG funds. The funding recommendations for CDBG, HOME, and ESG have been adjusted below based on the HUD's final FY 2026/2027 allocations. The total anticipated federal funding available for programs (excluding program administration) for FY 26/27 is outlined below.

CDBG Funds	FY 2026/27 Available Funding	FY 2026/27 Funding Requested	Number of Applications Received
CDBG Public Service	\$546,859	\$753,892	6
CDBG Non-Public Service	\$2,290,766	\$2,514,692	1
HOME	\$5,895,138	\$6,546,650	4
ESG	\$298,803	\$440,153	4
Total HUD Funds	\$9,031,566	\$10,255,387	15

The total funding available for Human Services Programs for FY 2026/27 is \$651,663.

Human Services Programs	FY 2026/2027 Available Funding	FY 2006/2027 Funding Requested	Number of Applications Received
Human Services Funds	\$547,163	\$1,197,172	29
ABC Funds	\$104,500	Included above	Included above
Total Human Services/ABC Funds	\$651,663	\$1,197,172	29
Total HUD, Human Services/ABC Funds	\$9,683,229	\$11,452,559	44

Alternatives

Staff has identified alternatives regarding the FY 2026/2027 AAP and funding recommendations for CDBG, HOME, ESG, and Human Services Programs.

1. Approve the FY 2026/2027 AAP and funding recommendations outlined in Attachment A – Approval of the plan and acceptance of the attached recommendations will provide a balanced mix of housing activities, public services, homeless services, and assistance to non-profit agencies. These funding recommendations are consistent with the goals outlined in the 5-Year HUD Consolidated Plan.
2. Make changes to FY 2026/2027 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 2026/2027 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 2026/2027 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 Community and Cultural Development (CCD) Board.