

Date: May 1, 2023
To: City Council
Through: Candace Cannistraro, Deputy City Manager
Ruth Giese, Community Services Director
From: Michelle Albanese, Housing and Community Development Director
Subject: FY 2023/2024 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 2023/2024, approving and authorizing the submittal of the City of Mesa Annual Action Plan for FY 2023/2024 (AAP), and authorizing the submittal of applications to receive Entitlement Funds for FY 2023/2024 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 the City's FY 2023/2024 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 46 years, ESG Program for 34 years, and HOME Program for 30 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 needs of the community and prioritize services to be provided to meet those needs. The CP 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 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 is designed to ensure the city addresses high-priority needs and funds programs and services that meet City Council Strategic Priorities and goals identified in the 5-Year HUD Consolidated Plan.

The funding application process was open October 3, 2022 – October 13, 2023. On October 3, 2022, funding orientations were held for non-profit agencies, and City of Mesa Internal Departments to explain about CDBG, ESG, HOME, and Human Services funding. 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 and city departments during the open application process. Additionally, staff were available to meet with agencies individually during this time.

A training session was held on October 10, 2022, for Zoom Grants, the city's web-based grants management system, for applicants seeking additional technical assistance with submitting their application.

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 6, 2022, and December 7, 2022, applicants applying for funding presented to the HCDAB on 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 prior to the applicant orientation. The HCDAB's average scores (up to 25 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 considered the City Council Strategic Priorities and worked with staff to develop the proposed funding recommendations.

City Council approved the funding recommendations at Study Session on March 30, 2023. A copy of the funding recommendations for the CDBG, HOME, ESG, and Human Services programs are outlined in Attachment A to this report.

The required 30-day comment period began on April 10, 2023, and will conclude on May 10, 2023. Any comments received during the 30-day comment period will be incorporated in the AAP and submitted to HUD by May 15, 2023. The 30-day public comment period meet the Citizen Participation requirements set by HUD.

Proposed activities and funding allocations for FY 2023/2024 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 non-housing community development.

Fiscal Impact

For FY 2023/2024 the city anticipates receiving \$4,050,391 in CDBG funds, plus reprogrammed funds and program income of \$2,008,173; \$1,691,632 in HOME funds, plus reprogrammed funds of \$1,071,562; and \$367,881 in ESG funds. The total anticipated federal funding for programs (excluding program administration) is as follow:

CDBG Funds	FY 2023/24 Funding Available	FY 2023/24 Funding Requests	Applications Received
CDBG Public Service	\$629,454	\$1,767,839	11
CDBG Non-Public Service	\$4,640,927	\$7,988,978	9
HOME	\$2,340,286	\$3,505,469	5
ESG	\$340,289	\$507,319	4
Total HUD Programs	\$7,950,956	\$13,769,605	29

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.

Funding available for Human Services Programs for FY 2023/24 is \$558,000. Below is the anticipated funding available and amount of funding requested:

Human Services Program	FY 2023/24 Funding Available	FY 2023/24 Funding Requests	Applications Received
Total General Fund & ABC Contributions	\$558,000	\$1,850,681	30
Total HUD & Human Services	\$8,508,956	\$15,620,286	59

Alternatives

Staff has identified alternatives regarding the FY 2023/2024 AAP and funding recommendations for CDBG, HOME, ESG, and Human Services Programs.

1. Approve the FY 2023/2024 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 2023/2024 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 2023/2024 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 2023/2024 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.