

Date: May 12, 2025
To: City Council
Through: Candace Cannistraro, Deputy City Manager
Ruth Giese, Community Services Director
From: Michelle Albanese, Housing and Community Development Director
Subject: Five-Year Consolidated Plan for FY 2025-2029, FY 2025/2026 Annual Action Plan, and FY 2025/2026 CDBG, HOME, ESG, and Human Services/ABC Funding Recommendations
Council District: Citywide

Resolution Authorizing:

A resolution approving and authorizing the submittal of the City of Mesa Five-Year Consolidated Plan for FY 2025-2029 and Annual Action Plan (AAP) for FY 2025/2026, authorizing the submittal of applications to receive Entitlement Funds for FY 2025/2026 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 2025/2026 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 Five-Year Consolidated Plan (Consolidated Plan) for FY 2025-2029, Annual Action Plan (AAP) for FY 2025/2026, and FY 2025/2026 funding recommendations for CDBG, HOME, ESG, and Human Services Programs. City Council approval is required by 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 48 years, ESG Program for 36 years, and HOME Program for 32 years, and has received over \$140 million to deliver critical services to low- to moderate-income Mesa residents whose income falls below 80% of the area median income (AMI.) This substantial investment 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, home repair, public services, homeless assistance, emergency shelter and transitional housing, and neighborhood improvements.

Recipients of HUD funds are required to develop a Consolidated Plan every 5 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.

The main sections of the Consolidated Plan include a Housing Market Analysis, Housing and Homeless Needs Assessment, Five Year Strategic Plan, consultation and citizen participation, and public comments received. The AAP identifies how priorities will be addressed each year and includes the proposed activities and funding allocations for FY 2025/2026 CDBG, HOME, and ESG funding.

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 Consolidated Plan.

The application process was open from September 11, 2024 – October 2, 2024. On September 11, 2024, 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.

Applications were due on October 2, 2024, and a total of 53 applications were received. 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 10, 2024, and December 12, 2024, 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.

HCDAB and staff scored the applications, based on five specific questions developed prior to the applicant orientation. The HCDAB's average scores (up to 30 points) and staff's average 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 Community and Cultural Development Committee (CCD) on February 24, 2025, and to City Council on March 17, 2025. 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 Consolidated Plan and AAP were presented to the City Council on March 20, 2025.

The required 30-day comment period began on March 31, 2025, and concluded on April 30, 2025. 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.

FY 2025/2026 funding allocations for CDBG, ESG and HOME have not been released from HUD. Allocation amounts are estimates based on FY 2024/2025 HUD awards to the City of Mesa. The final allocation amounts will be updated in the FY 2025/2026 AAP once the city receives official notification from HUD. In the event FY 2025/2026 HUD allocations are reduced or increased, funding amounts for activities and programs supported by CDBG, HOME, and ESG will be revised proportionally to reflect the final allocations provided by HUD.

Proposed activities and funding allocations for FY 2025/2026 for CDBG, ESG, HOME, and Human Services programs are included in the AAP to address the needs identified in the Consolidated Plan and City Council Strategic Priorities. The AAP is consistent with the Consolidated Plan and incorporates HUD's objectives that foster the availability/accessibility, affordability, and sustainability of decent housing and a suitable living environment; The AAP attempts to achieve these objectives through targeted efforts to address issues of affordable housing, homelessness, special needs, and community development. The Consolidated Plan and AAP is included as Attachment B to the Council Report.

Fiscal Impact

For FY 2025/2026 the city anticipates receiving \$3,868,757 in CDBG entitlement funds, and program income of \$21,928; \$1,354,407 in HOME entitlement funds, plus reprogrammed funds of \$5,458,212; and \$355,987 in ESG funds.

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.

The total anticipated federal funding for programs (excluding program administration) is as follows:

CDBG Funds	FY 2025/2026 Funding Available	*FY 2025/2026 Funding Requests	*Funding Requests Received
CDBG Public Service	\$602,242	\$875,938	8
CDBG Non-Public Service	\$2,514,692	\$2,514,692	1
HOME	\$6,474,017	\$8,500,678	5

ESG	\$329,288	\$425,696	5
Total HUD Programs	\$9,920,239	\$12,317,004	19

*Includes set-aside funds for core City programs

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

Human Services Program	FY 2025/2026 Funding Available	FY 2025/2026 Funding Requests	Applications Received
Total General Fund & ABC Contributions	\$690,000	\$1,508,338	34
Total HUD & Human Services	\$10,610,239	\$13,825,342	53

Alternatives

Staff has identified alternatives regarding the Consolidated Plan, AAP and funding recommendations for CDBG, HOME, ESG, and Human Services Programs.

1. Approve the Five-Year Consolidated Plan for FY 2025-2029, FY 2025/2026 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.
2. Make changes to the Five-Year Consolidated Plan for FY 2025-2029, FY 2025/2026 AAP, or modify the funding recommendations in the AAP and outlined in Attachment A –This is permitted but would require republishing a public notice 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 Five-Year Consolidated Plan for FY 2025-2029, FY 2025/2026 AAP, and funding recommendations outlined in Attachment A – The Council could choose to deny the Consolidated Plan, AAP and funding recommendations. This alternative prevents the City of Mesa from receiving federal CDBG, HOME, and ESG funds from HUD.

Coordinated With

The development of the Consolidated Plan, AAP, and FY 2025/2026 funding recommendations have been made public and reviewed with applicants, citizens, other city departments, HCDAB, and (CCD).