



## City Council

**Date:** May 16, 2022

**To:** City Council

**Through:** Natalie Lewis, Deputy City Manager  
Ruth Giese, Community Services Director

**From:** Michelle Albanese, Housing and Community Development Director

**Subject:** FY 2022/2023 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 2022/2023, approving and authorizing the submittal of the City of Mesa Annual Action Plan for FY 2022/2023 (AAP), and authorizing the submittal of applications to receive Entitlement Funds for FY 2022/2023 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 2022/2023 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 45 years, ESG Program for 33 years, and HOME Program for 29 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 4, 2021 – October 14, 2021. On September 27, 2021, staff met with City of Mesa Internal Departments and on October 4, 2021, an orientation was held for non-profit agencies 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.

A training session was held on October 11, 2021, 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, 2021, and December 9, 2021, 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 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, considered the City Council Strategic Priorities, and developed the proposed funding recommendations.

City Council approved the funding recommendations at Study Session on February 24, 2022. 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 March 13 and concluded on April 12, 2022. Any comments received during the 30-day comment period have been incorporated in the AAP. The 30-day public comment period meet the Citizen Participation requirements set by HUD.

Proposed activities and funding allocations for FY 2022/2023 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**

HUD has not provided the final FY 2022/2023 funding allocations for CDBG, HOME and ESG from HUD. Funding recommendations are based on level funding allocations awarded to the city for FY 2021/2022. These funding amounts are subject to change until the final Funding Award Letter is received from HUD and Funding Agreements are executed

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.

For FY 2022/2023 the city anticipates receiving \$4,286,734 in CDBG funds, \$1,546,684 in HOME funds, and \$346,781 in ESG funds. Program Income received from previously funded CDBG activities, and prior year's unprogrammed funds, totaling \$3,135,198 will be reprogrammed to CDBG activities for FY 2022/2023. The total anticipated federal funding available is as follow:

<b>CDBG Funds</b>	<b>FY 2022/23 Funding Available</b>	<b>FY 2022/23 Funding Requests</b>	<b>Applications Received</b>
<b>CDBG Public Service</b>	\$643,010	\$1,025,301	8
<b>CDBG Non-Public Service</b>	\$5,921,575	\$9,212,130	8
<b>HOME</b>	\$1,392,016	\$1,326,500	3
<b>ESG</b>	\$320,772	\$443,223	5
<b>Total HUD Programs</b>	<b>\$8,277,373</b>	<b>\$12,007,154</b>	<b>24</b>

Funding available for Human Services Programs for FY 2022/23 is \$620,000. Below is the anticipated funding available and amount of funding requested:

<b>Human Services Program</b>	<b>FY 2022/23 Funding Available</b>	<b>FY 2022/23 Funding Requests</b>	<b>Applications Received</b>
<b>Total General Fund &amp; ABC Contributions</b>	\$620,000	\$1,773,193	30

<b>Total HUD &amp; Human Services</b>	<b>\$8,897,373</b>	<b>\$13,780,347</b>	<b>54</b>
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## **Alternatives**

Staff has identified alternatives regarding the FY 2022/2023 AAP and funding recommendations for CDBG, HOME, ESG, and Human Services Programs.

1. Approve the FY 2022/2023 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 2022-2023 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 2022-2023 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 2022/2023 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.