



City Council

Date: April 5, 2021

To: City Council

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

From: Michelle Albanese, Housing and Community Development Director

Subject: FY 2021/2022 Annual Action Plan, and FY 2021/2022 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 for FY 2021/2022 (AAP), authorizing the submittal of applications to receive Entitlement Funds for FY 2021/2022 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 funds received, and authorizing the City Manager or his designated representative, to disburse fiscal year 2021/2022 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 approve the City's AAP and funding recommendations for CDBG, ESG, HOME, and Human Services Programs. These actions are requirements of HUD to receive the annual federal awards of CDBG, ESG, and HOME funding. The City Council was provided with recommendations on March 25, 2021 for activities to be funded under the provisions of the CDBG, ESG, HOME, and Human Services Programs and approved all projects and funding allocations.

Background

The City of Mesa has participated in the federal CDBG Program for 44 years, ESG Program for 32 years, and HOME Program for 28 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.) This substantial investment, provided through HUD, 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, housing, public services, homeless assistance, emergency shelter, and transitional housing.

Recipients of HUD funds are required to develop a Consolidated Plan every five years to assess the needs of the community and prioritize services to be provided to meet those needs. The Consolidated Plan 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. The Annual Action Plan (AAP) identifies how priorities will be addressed each year and includes the proposed activities and funding allocations for FY 2021/2022 for CDBG, ESG, and HOME funding.

Proposed activities and funding allocations for FY 2021/2022 CDBG, ESG, and HOME, Programs are included in the AAP to address the needs identified in the Consolidated Plan. The AAP is consistent with the Consolidated Plan 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.

The City of Mesa Human Services Program provides grants for social service activities to community-based, non-profit organizations who are tax exempt under section 501(c)(3) of the Internal Revenue Code. The funding for the Human Services Program comes from City general funds and A Better Community (ABC) utility billing donations. ABC provides opportunities for City of Mesa utility bill customers and residents to contribute to their community. All donations are tax deductible and are allocated to local non-profit agencies serving Mesa residents.

Human Services funding is available for programs that assist citizens to achieve or maintain independence and self-sufficiency, prevent long-term dependence on public resources, and encourage partnerships between government, the private sector, and non-profit service providers in addressing human service needs. Staff utilizes the Community Safety Support Investment Model (Model) to make funding recommendations to Council. The Model guides: 1. The City of Mesa's efforts to use limited human services resources as wisely and effectively as possible to ensure the safety of the community; 2. Helps identify the programs that are most successful at improving community safety conditions; 3. Supports the Mesa City Council's priority of funding human service programs that impact community safety - those with outcomes that may have a direct impact on police, fire, and safety services.

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 as well as 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 Objectives and Consolidated Plan.

The funding application process was open October 20, 2020 – November 24, 2020. For FY 2021/22 staff implemented improvements to simplify the application process and further assist non-profit organizations in applying for the most appropriate funding source for their proposed activity.

A Funding Kick-Off Meeting was held on October 19, 2020 to provide feedback from non-profit organizations on the impact of COVID-19, current challenges and increasing needs in the community, and an overview of the funding process and key dates.

This year two Applicant Orientations were held, providing an overview of each funding source and applicable regulatory requirements, sharing City Council priorities, and offering technical assistance to the agencies. On October 26, 2020, an orientation was held for CDBG, ESG, and Human Services funding and on October 27, 2020 an orientation was held for HOME funding.

Two training sessions were held on November 2, 2020 on Zoom Grants, the City's web-based grants management system, for applicants seeking additional technical assistance for submitting their application.

Applications were reviewed by Housing and Community Development (HCD) staff and scored, up to 70 points based on eligibility and agency capacity. Eligible applications were made available to the Housing and Community Development Advisory Board (HCDAB) for review and scoring.

On February 1, 2021 and February 2, 2021 agencies applying for funding presented to the HCDAB on their funding application and proposed program. At that meeting, the HCDAB had an opportunity to ask agencies follow up questions to their applications. 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 HCD Director received the compilation of scores, considered the Council Strategic Priorities and Goals, and developed draft funding recommendations to present to the Community and Cultural Development Committee (CCD), and for further City Council consideration and approval. Funding recommendations for FY 2021/2022 were presented to and approved by the CCD Committee on March 11, 2021. A copy of the Funding Recommendations for the CDBG, HOME, ESG, and Human Services programs are outlined in Attachment A to this report.

Fiscal Impact

HUD notified the City on March 3, 2021, of the FY 2021/22 funding allocations for CDBG, ESG and HOME. There is an increase in funding of 4% for CDBG, 2.5% for HOME, and a decrease of 8.5% for ESG. These funding amounts are based on HUD's preliminary allocation notice and are subject to change until the Final Award Letter is received and the Funding Agreement is executed. The Housing and Community Development Director may adjust the allocations of CDBG, HOME, and ESG funds as necessary (increase or decrease) based upon final HUD allocations.

For FY 2021/22 the City anticipates receiving \$4,224,481 in CDBG funds, \$1,546,684 in HOME funds, and \$346,781 in ESG funds. Anticipated total funding available, not including program administration is as follows:

CDBG Funds	FY 2021/22 Funding Available	FY 2021/22 Funding Requests	Applications Received
CDBG Public Services	\$633,672	\$1,708,018	12
CDBG Non-Public Services	\$2,745,913	\$1,708,732	2
HOME	\$1,392,016	\$2,349,355	6
ESG	\$320,772	\$380,000	3
Total HUD Programs	\$5,092,373	\$6,146,105	23

Funding available for Human Services Programs for FY 2021/22 is \$520,000. Anticipated amounts are as follows:

Human Services Program	FY 2021/22 Funding Available	FY 2021/22 Funding Requests	Applications Received
Total General Fund & ABC Contributions	\$520,000	\$1,425,484	29
Total HUD & Human Services	\$5,612,373	\$7,571,589	52

Alternatives

Staff has identified alternatives regarding the FY 2021/2022 AAP and funding for FY 2021/2022 CDBG, ESG, HOME, and Human Services Programs.

1. Approve the FY 2021/2022 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 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 2020-2024 5-Year HUD Consolidated Plan.
2. Make changes to FY 2021/2022 AAP or modify the funding recommendations in the AAP and outlined in Attachment A – Make additional changes to the AAP or funding recommendations. This is permitted but would require republishing public notices and holding new public meetings. This would require a special Council meeting and possibly result in late submission of required documents to HUD.
3. Deny the FY 2021/2022 AAP and FY 2021/2022 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, ESG, and HOME funds from HUD.

Coordinated With

At the March 25, 2021 City Council Study Session, the Council approved the CDBG, ESG, HOME, and Human Services funding recommendations for FY 2021/2022. City staff has prepared a resolution for City Council approval.

The development of the AAP requires public participation to ensure the community has an opportunity to provide input and comment. The AAP was developed in consultation with Mesa residents, non-profit agencies, city departments, other partnering agencies, and local jurisdictions.

The City held public hearings on December 3, 2020, February 1, 2021, February 2, 2021, and March 11, 2021. Presentations were made to the Housing and Community Development Advisory Board and Community and Cultural Development Committee.

The required 30-day comment period began on March 22, 2021 and will conclude on April 20, 2021. Any comments received at the public hearings and during the 30-day comment period will be incorporated in the AP submittal to HUD. The public hearings conducted, and 30-day public comment period meet the Citizen Participation requirements set forth by HUD.

The CDBG, HOME, ESG and Human Services funding applications have been made public and reviewed with applicants, citizens, other city departments, and the HCDAB. Final funding recommendations approved by City Council will be included in the City's AAP which serves as the formal application to HUD for funding of the CDBG, HOME, and ESG programs. The approved FY 2021/2022 AAP and FY 2021/2022 funding allocations will be submitted to HUD no later than May 15, 2021.

The annual funding process and public hearings before the HCDAB, CCD Committee and City Council complies with the City's Citizen Participation Plan as required by HUD for participation in these federal programs.