

COMMUNITY & CULTURAL DEVELOPMENT COMMITTEE

March 1, 2012

The Community & Cultural Development Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on March 1, 2012 at 3:38 p.m.

COMMITTEE PRESENT	COMMITTEE ABSENT	STAFF PRESENT
Dave Richins, Chairman Christopher Glover Scott Somers	None	Natalie Lewis Kelly Gregan

1. Items from citizens present.

There were no items from citizens present.

2-a. Hear a presentation, discuss and make recommendations for the FY 2012/2013 Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and Human Services programs.

Director of Housing and Community Development Tammy Albright displayed a PowerPoint presentation (**See Attachment 1**) highlighting the Community Development Block Grant (CDBG) program, HOME Investment Partnership (HOME) program, Emergency Solutions Grant (ESG) program, and the Human Services programs. She displayed a chart (See Page 2 of Attachment 1) that demonstrated the reduction of CDBG and HOME programs over the last two years.

Ms. Albright briefly reviewed some of the issues raised at the last meeting which included:

- Staff's capacity to manage a high volume of grants
- Administration costs
- CDBG funding for Code Compliance
- Save the Family's Community Housing Development Organization (CHDO) activity – Reallocation to the Escobedo project
- Funding for the La Mesita project

Ms. Albright said that after reviewing the recommendations staff identified several contracts that could be switched from CDBG funding to Human Services funding and vice versa. (See Page 4 of Attachment 1) She briefly outlined the recommended contract exchanges (See Page 5 of Attachment 1) as follows:

- Removal of the \$30,000 Family Self Sufficiency (FSS) program contract
- House of Refuge contract moved over to Human Services
- Save the Family contract moved over to CDBG
- A New Leaf contract moved over to CDBG

Ms. Albright advised that moving the contracts would have an effect on the ESG match however, she said that there were other ways that the match could be obtained. She stated that staff would work with the agencies and will maintain the match logs.

Ms. Albright reported that the CDBG Target Area Map (See Page 9 of Attachment 1) has been completed and shows that the CDBG area did not shrink as much as anticipated. She said that the City's Rehab program and Housing and Urban Development (HUD) would be focusing their efforts in the areas with the highest concentration of code violations.

In response to a question from Chairman Richins, Ms. Albright explained that the red areas on the map represented the new low to moderate census track and that the hashed areas indicate where Code Compliance and rehab efforts would be targeted. She noted that the map would need to be filed with and approved by HUD.

Ms. Albright advised that staff has requested funding for six Code Compliance Officers at a cost of \$510,000. She displayed a series of charts (See Page 7 and 8 of Attachment 1) that illustrated what the case load for each Code Compliance Officer would be and the case loads of Code Compliance Officers in other communities.

In response to a question from Chairman Richins, Director of Development and Sustainability Christine Zielonka explained that the cost to fund six Code Compliance Officers would be \$510,000 and included the following:

- Full salaries ranging from \$80,000 a year for each officer
- Retirement and benefits
- A limited amount of training in order to maintain certifications
- \$5,400 for legal posting
- Materials used to post property
- A limited amount of equipment

Ms. Albright reported that HOME funds experienced another 40% cut in funding this year. She explained that the City is required to set aside a minimum of 15% of the HOME funds for CHDO activity. She suggested that a CHDO activity that provides rental housing be approved and that the remainder of the funds be used for housing activities. She stated that after researching the options it was determined that the quickest way to stabilize a neighborhood would be through home ownership, therefore, staff recommended funding Habitat for Humanity. (See page 10 of Attachment 1)

Ms. Albright advised that Emergency Shelter and Street Outreach components of the ESG funds have a 60% cap (\$161,356). She stated that staff has recommended that the remainder of the funds be used to run a Homeless Prevention and Rapid Rehousing (HPRP) program. She said that until staff is comfortable with the new rules and reporting requirements it is recommended that the City administer this program.

In response to a question from Chairman Richins, Ms. Albright explained that the ESG funds that were allocated mid-year were not available at the time the applications were opened. She advised that Save the Family does run a Rapid Rehousing program however, until staff has had an opportunity to “get a handle” on the new rules it is recommended that this program be administered by the City. Ms. Albright added that the City has six months to spend the \$84,000 mid-year allocation and therefore, the funds will need to be “rolled out” quickly.

Responding to a question from Chairman Richins, Ms. Albright explained that in order to have a separate agency assist the City with the allocation of the mid-year funds, a Request for Proposal (RFP) would need to be completed. She said that it was recommended that staff run the Homeless Prevention and Rapid Rehousing (HPRP) program and that next year it be opened up to other agencies.

Development Project Coordinator Ray Thimesch advised that the rules that have been provided are only interim rules and that it would be best to have staff work through the process of learning the new rules before opening the funds up to other agencies.

Ms. Albright briefly outlined some additional funding requests and changes (See Page 12 of Attachment 1) as follows:

- Housing and Community Development – \$93,000 from General Fund for Senior Center
- Arizona Bridge to Independent Living (ABIL) – Change request from \$65,000 to \$76,600
- Project Veterans Pride – Change request from \$2 million to \$230,000

Ms. Albright advised that it has been determined that the La Mesita project will have a shortfall of \$650,000. She explained that at the end of the year as contracts are closed out any unused funds could be reallocated to the La Mesita project if the reallocation is approved by the Committee.

In response to a question from Chairman Richins, Ms. Albright explained that the legally required amount that is to be set aside for CHDO activities is \$141,462. She added that this amount could be earmarked for the Escobedo Project.

Chairman Richins remarked that many agencies were requesting HOME funds and that the City could either “pick which agencies they like best” or allow all the agencies the opportunity to access those funds through a competitive process. He said the idea would be to not award any contracts right now and place the HOME funds (\$700,000) into a pot where agencies like Save the Family, Community Bridges, Habitat for Humanity and Housing Our Communities could all have an opportunity to compete for the funds. He explained that once an agency had negotiated a property and had a project that was “shovel ready” they could approach the City and request funding.

Chairman Richins advised that instead of awarding funds to a single non-profit the City would hold the money back and allocate it once an agency had a project that was ready to go. He said that projects for homeownership or rental assistance within the CDBG target area would be good opportunities for the City. He noted that HOME funds might not be around much longer.

Ms. Albright said that a mixed application process where a certain amount of money is held until projects are brought forward could be an option. She said that agencies must demonstrate a pro forma of how their project would be maintained and would not be reimbursed for any money spent on a project before an environmental assessment was completed.

In response to a question from Chairman Richins, City Attorney Kelly Gregan explained that preparing a contract would not be an issue if advanced notice was provided. She said that if the City was provided the basic information regarding the type of project a template could be drafted.

Ms. Albright advised that staff must determine which projects are viable. She suggested that projects be presented to the Housing Advisory Board for final approval and to ensure that the project is in conformance with the goals and objectives of the Housing Master Plan.

Chairman Richins expressed his support for involving the Housing Advisory Board in the final approval process. He suggested that the agencies that have requested HOME funds be involved in the open application "rule making" process so that everyone would have a fair shot at the funding.

Responding to a question from Committeemember Somers, Ms. Albright advised that the City of Phoenix utilizes a similar open application process. She explained that currently applications are only opened once a year however, with an open process non-profits could request funding from the City anytime throughout the year.

Chairman Richins stated that the agencies, as a group, could discuss whether or not a cap should be placed on projects.

Ms. Albright advised that there was a deadline for when the information must be presented to HUD. She suggested that the process be written in a generic format and that staff work with the Housing Advisory Board and non-profits on finalizing the policies and procedures.

Assistant to the City Manager Patricia Sorensen requested that the Committee, for purposes of clarity, make a motion and specify the projects, the amounts, and which pool of money the projects would be funded from.

Karen Kurtz, representing Community Bridges, expressed her concern with regards to the difficulties of obtaining property in today's market. She advised that real estate moves quickly and that having an award letter from the City of Mesa has helped them to obtain property in the past.

Laura Scott, representing Save the Family, addressed the Committee with concerns as to how fast the open application process would proceed. She advised that the market was moving fast and that investors were showing up with "cash in hand." She stated that the process was already competitive as all the non-profits were provided the same rules to apply for funding.

Chairman Richins explained that the non-profits could work with the City to develop and write the rules for the open application process. He added that he would like to see all the non-profits have equal access to the HOME funds.

Stacy Neal, representing Housing Our Communities, addressed the Committee and said that she was excited to be part of the open funding process. She commended Chairman Richins on the idea and noted that the City of Phoenix does have a similar program.

Chairman Richins commented that he had concerns with regards to agencies that do not have the operational dollars necessary to keep their doors open, pay the rent and provide basic salaries. He suggested that while working through the process that the non-profits carefully consider their operational costs.

Ms. Albright advised that different options could be explored however, they must comply with regulations.

Roger Schwierjohn, President of Habitat for Humanity, addressed the Committee and said that his organization would be willing to assist in the development of a process that would meet HUD requirements. He added that Habitat for Humanity enjoys the relationship that they have with the City of Mesa as well as the other agencies. He said that Habitat for Humanity understands that times are challenging and that now is the time to work together.

Chairman Richins thanked Mr. Schwierjohn for his comments.

Discussion ensued with regards to forming a formal motion.

Ms. Sorensen commented that the five projects identified would be eligible for the HOME funds.

Chairman Richins referred to Attachment B FY 2012/2013 Home Applications for Funding (**See Attachment 2**) and said that the recommendation for Save the Family to have a CHDO set aside for operational costs in the amount of \$47,154 would remain. He explained that the 15% CHDO set aside (\$140,000) would be used for the Escobedo project should it receive a tax credit award. He said if the Escobedo project does not receive a tax credit award that amount would then roll into the \$700,000 pot of money and would be used for the competitive HOME fund allocation. He added that the City and partner agencies will develop and write rules for the competitive process that will comply with HUD regulations.

Mr. Thimesch commented that before funds could be rolled over they must be set aside so that only the CHDO agencies could apply for them.

Chairman Richins stated that the amount allocated for Save the Family would stay with Save the Family. He noted that the hatched areas on the map were the CDBG target areas where staff would be focusing their efforts.

Discussion ensued with regard to the "swapping" of contracts from CDBG to HOME funds and the number of new contracts received this year.

Committeemember Somers commented that the City needs to do Code Compliance and that at some point the funding for Code Compliance Officers would need to be moved over to the General Fund. He said that budget discussions would be taking place in the next few months and that this might be the year to force the issue at least to a percentage.

Chairman Richins compared the Code Compliance issue to the Washington Community Center and said that the funding for Code Compliance has been a “patch that the City has gotten used to.” He stated that Code Compliance is an important function that should be moved off of CDBG funding so that it could be managed more appropriately.

Assistant to the City Manager Natalie Lewis advised that discussions could take place during the budget cycle with regards to the funding of Code Compliance Officers.

Ms. Zielonka stated that the impact of funding Code Compliance Officers from the General Fund would be determined and brought back to the Committee.

Discussion ensued with regards to moving Code Compliance Officers off of CDBG funding.

Ms. Zielonka advised that an option to move Code Compliance Officers off of CDBG funding would be included in the Development and Sustainability budget presentation.

Ms. Albright advised that there are deadlines for when the funding information needed to be submitted to HUD. She said that staff would be in front of the full Council next week and that an approval will be needed by March 19th in order for the public comment period to begin. She suggested that the recommendation for six Code Compliance Officers remain in place at this time.

Ms. Sorensen noted that the Committee would be meeting again next week and that the budget for the Housing and Community Development Department would be presented to the Council on March 15th. She said that discussions with regards to moving the Code Compliance Officers off of CDBG funding could take place at the next meeting.

Further discussion ensued regarding the “swapping” of contracts.

Chairman Richins stated that the goal is to have fewer contracts and for the non-profits to work with each other in ways that will lessen the City’s federal reporting burden. He added that the idea is to make the projects larger and easier to administer.

Ms. Albright requested that the ESG Rapid Re-housing program be changed to Homeless Prevention and Rapid Re-housing (HPRP). She added that the HPRP program would require less time to administer.

Ms. Gregan requested that the Committee provide some direction in the form of a formal motion, a second and a vote.

Ms. Albright summarized the direction provided by the Committee as follows: 1) Staff will exchange Community Development Block Grant (CDBG) contracts for Human Services contracts; 2) That six Code Compliance Officers will be funded, with further discussion to occur during the budget cycle with regards to moving these positions off of CDBG; 3) Change the

Emergency Shelter Grants (ESG) to the Homeless Prevention and Rapid Re-housing Program (HPRP); and 4) Staff will work with the non-profits to design an open application process for HOME funds, with any leftover funds allocated to the La Mesita project.

It was moved by Chairman Richins, seconded by Committeemember Glover that the recommendations summarized by Ms. Albright be forwarded on to the full Council.

Carried unanimously.

3. Adjournment.

Without objection, the Community & Cultural Development Committee meeting adjourned at 4:27 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Community & Cultural Development Committee meeting of the City of Mesa, Arizona, held on the 1st day of March, 2012. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

bdw
(attachments – 2)

**Community Development
Block Grant (CDBG) Program**

**HOME Investment
Partnership (HOME) Program**

**Emergency Solutions Grant
(ESG) Program**

Human Services Funding



**Presentation to Community and Cultural Development
Committee – March 1, 2012**

Mesa Funding Cycles

Program	2010/11	2011/12	2012/13	2-Year Difference
CDBG	3.7 million	3.1 million	3.2 million	15% decrease
HOME	1.5 million	1.3 million	943,000	37% decrease
ESG	151,000	151,000	269,000	79% increase
ABC/Human Services	620,000	657,000	620,000	0%

Reduction of CDBG and HOME
programs over the last two years – over
1.1 million

Issues

- Staff Capacity to manage a high volume of contracts
- Administration Cost
- CDBG for Code Compliance
- Save the Family CHDO activity – reallocation to Escobedo
- Funding for La Mesita

Contract Management

- Exchange below 8 CDBG for 2 Human Services Contracts (Total of 16 CDBG contracts):
 - East Valley Adult Resources - \$22,000
 - Community Legal Services – Removing Barriers - \$45,000
 - Labor’s Community Service Agency - \$30,000
 - COM FSS Program - \$30,000
 - Community Legal Services – Tenants Rights Helpline - \$40,000
 - WMCDC – Code Compliance - \$30,000
 - WMCDC – Community Safety - \$10,000
 - WMCDC – Neighborhood Academy - \$20,000
- Contracts Total \$227,000.

Contract Management

- Exchange 8 CDBG for the below 2 Human Services Contracts:
 - Save the Family – Transitional Services - \$116,500
 - A New Leaf – East Valley Men’s Center Crisis - \$118,000
- Contracts Total \$234,500.
- Both agencies are familiar with Federal Reporting requirement and have agreed to exchange.
- The additional \$7,500 would come from Administration.
- Administration reduced to just below 20%.
- Would need to work with agencies to maintain match logs.
- Awaiting HUD interpretation of required Match.

Code Compliance

- New area would support 6 Officers – reduced from requested 7.
- Total cost of - \$510,000.
- Working with HUD for area approval and definition of Deteriorating Area.
- Deteriorating Area as area of high code case volume – possibly criminal activity.
- Must be combined with COM Rehabilitation Efforts - \$500,000
- Area is a reduction from 19% to 15% of the City.

Code Compliance

Total Code Violations/Cases in Defined Area for 2011 – Hatched CDBG Designation-2010 Census	Potential Number of Code Officers Assigned in CDBG Area	Violations/Cases Per Code Officer per calendar year 2011 ** 7032 City-wide Cases – 3986 in CDBG area
43,209/3986*	6	7201 / 664
43,209/3986	5	8641 / 797
43,209/3086	4	10,802 / 997
43,209/3086	3	14,403 / 1329

*A violation will require at least 2 visits by the code officer. There were a total of 76,771 violations / 7032 Cases city wide in 2011. There could be multiple violations at a single address.

2008*** Code Compliance Department Comparison

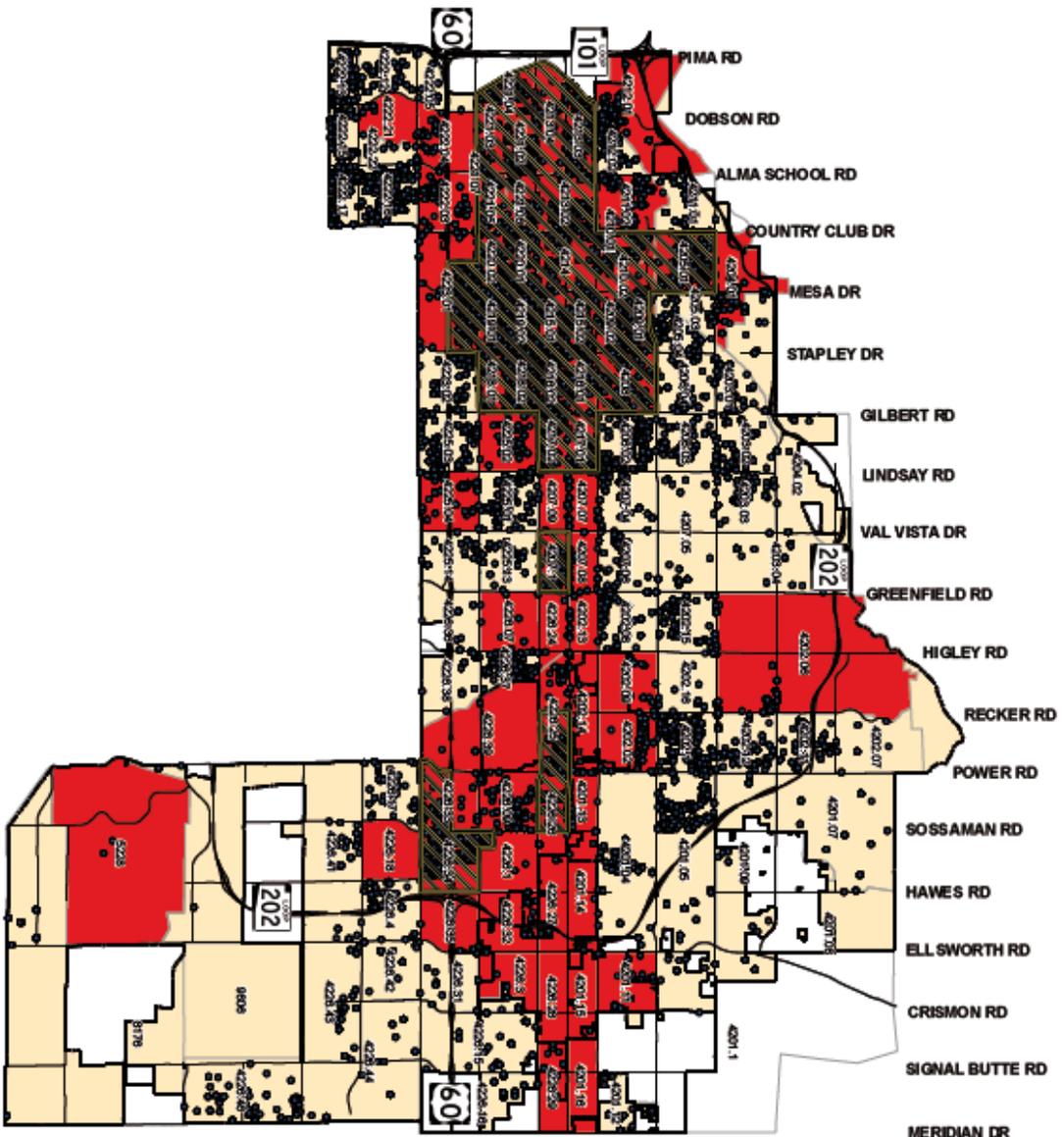
City	# of Staff *	Population	Sq. Miles	Cases Per Year**	Avg. Population per Staff	Avg. Sq. Miles per Staff	Avg. Case per Staff per Year	Avg. Case per Staff per Day
Chandler	8	246,399	58	8521	24,640	6	900	3.41
Gilbert	5	207,550	43.2	4845	29,650	6	743	2.81
Glendale	12	253,152	55.8	17,442	16,877	4	1086	4.11
Scottsdale	16	235,677	184.4	21,750	14,730	12	1359	5.15
Tempe	9	174,091	40.2	8702	17,409	4	800	3.03
Mesa	6	464,938	133.1	7874	77,490	22	1312	6.20

* Staff includes only those members that perform field work and does not include supervision, administration, or senior management.

** Number of cases does not include illegal sign pickup

*** Most recent study/data available.

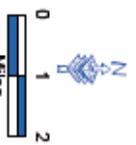
Code Compliance



Click on Comment and
 Share to create, mark-up
 and send PDF files.

CDBG
 Target Area

- CDBG Target Area
- Majority of population below 80% of the Median Income
- Census Tract
- 2011 Code Violation
- City Limits
- Arterials



Created by: Sarah, GIS
 Date: 03/01/2012
 Project: Community Development Program
 Title: Code Compliance
 The City of Albuquerque is not responsible for the accuracy of the information presented on this map. Users should verify the accuracy of the information presented on this map.

HOME

- The CHDO Set-Aside funds for Save the Family can be reallocated to the Escobedo Project and still qualify as an eligible CHDO activity.
- 40% cut in funding this year.
- Funding recommendations focused on homeownership activities with Habitat.
- Homeownership programs stabilize neighborhoods quicker and less administration.
- No other agencies were recommended for funding.

ESG

- 60% cap on Emergency Shelter and Street Outreach Components (\$161,356).
- New rules substantially increased administrative duties.
- 7.5 admin funds – apx. 20,000 annually.
- Until staff is comfortable with new rules and reporting requirements we recommend a Rapid Rehousing Program RRP administered by the City.
- RRP – HQS and lead inspections.
- Can allocate to non-profits next year or mid-year RFP.

Other Changes

- Housing and Community Development budgets \$93,000 in general funds for the Senior Center.
- ABIL has formally requested an additional \$11,600 of CDBG funds for labor and materials only for its MHAP Program. \$65,000 to \$76,600.
- Project Veterans Pride reduced request to \$230,000 from \$2,470,000.
- La Mesita will have a shortfall of about \$650,000. We can apply any funds not expended this year, award additional funds next year or eliminate some of the proposed allocations as options for full funding.

Questions and Discussion

Attachment B -- FY 2012/13 HOME Applications for Funding



FY2012/2013 HOME APPLICATIONS FOR FUNDING

		FY 12/13 Technical Application Score - Staff	FY 12/13 Average Presentation Score - Board	FY 12/13 Total Score (out of 100)	FY 11/12 Revised HUD Allocation to Subrecipient (-11.3%)	FY12/13 Request	FY12/13 Staff Recommend	Staff Comments
HOME - Non Profit Agencies (Homeownership and Rental Acquisition and Rehabilitation / CHDO Ops)								
ARM of Save the Family	Affordable Rental Movement (Acquisition and Rehabilitation) - The Affordable Rental Movement of Save the Family requests funds to purchase 3 (3+bedroom) homes within the City of Mesa for households earning below 60% of the Area Median Income.	88.00	11.60	84.80	\$ -	\$ 537,600	\$ -	Focused funds on Home Ownership
ARM of Save the Family	CHDO Operating - The Affordable Rental Movement is applying for funds to support operational costs for the continued to development of affordable rental units. Total Allocation for CHDO Operating activity can not exceed \$47,154.	93.25	11.60	88.48	\$ 44,067	\$ 50,000	\$ 47,154	Operation funds for only recommended CHDO
Community Bridges, Inc.	Center for Hope Permanent Supportive Housing - CBI will acquire and rehabilitate one 4-plex to be used as permanent supportive housing for women (and their children) completing the Center for Hope transitional housing program. Women will pay rent and will receive Federal substance abuse prevention and treatment funds to subsidize their rent as needed and pay for continuing care support services.	69.75	14.20	77.23	\$ 231,423	\$ 286,045	\$ -	Focused funds on Home Ownership
Habitat for Humanity	Land Acquisition & Rehabilitation - The project will consist of acquiring up to 5 vacant foreclosed homes in need of rehabilitation. The homes will be rehabilitated and sold to low-to-moderate income families.	97.50	12.22	92.69	\$ 221,831	\$ 435,750	\$ 401,620	Only Home Owner Aquisition and Rehab recommended for funding
Housing Our Communities	CHDO Operating - Housing Our Communities is requesting \$50,000 in CHDO Operating funding to partially support HOME eligible activities related to affordable homeownership activities developed by HOC in the FY 12-13 under HOME and/or HOME CHDO contracts. Total Allocation for CHDO Operating activity can not exceed \$47,154.	77.45	11.83	77.88	\$ 21,884	\$ 50,000	\$ -	If CHDO contract is not approved - operational funds are not required
HOME - Non Profit Agencies Subtotal					\$ 519,205	\$ 1,359,395	\$ 448,774	
HOME - CHDO Set-Aside (15% minimum required: \$141,462) (Rental Acquisition and Rehabilitation)								
ARM of Save the Family	Affordable Rental Movement - Acquisition and rehab of 3 (3+ bedroom) homes for affordable rental housing. Units will be made available to low-income households as affordable housing units within a period of affordability of 15-20 years.	77.75	12.50	79.43	\$ 356,958	\$ 537,600	\$ 350,000	Federal Regulations require a 15% minimum CHDO set aside
Housing Our Communities	New Opportunities for Homeownership Program (Acquisition/Rehab/Resale) - 100 low-moderate income households will be prepared for homeownership through education & counseling prior to becoming eligible for the HOME CHDO program; 6-8 units will be acquired and rehabilitated to meet City of Mesa rehabilitation standards as well as integrate energy efficiency upgrades where needed; these properties will be sold to income and program eligible first-time homebuyers coupled with financial assistance of up to \$15,000 (15% of purchase price) in down payment assistance and up to \$5,000 closing costs, as needed, to ensure long term affordability and sustainability.	81.75	13.50	84.23	\$ 266,585	\$ 300,000	\$ -	Has open audit
HOME - CHDO Set-Aside Subtotal					\$ 623,543	\$ 837,600	\$ 350,000	

Attachment B -- FY 2012/13 HOME Applications for Funding

HOME - City Departments		FY 12/13 Technical Application Score - Staff	FY 12/13 Average Presentation Score - Board	FY 12/13 Total Score (out of 100)	FY 11/12 Revised HUD Allocation to Subrecipient (-11.3%)	FY12/13 Request	FY12/13 Staff Recommend	Staff Comments
Housing and Revitalization	HOME Administration -Includes 10% administration costs (maximum allowable amount) for the operation of the HOME P.U.	NA	NA	NA	\$ 131,901	\$ 94,308	\$ 94,308	
Housing and Revitalization	Security Deposit Program - Security/Utility Deposit Program provides security deposit and utility deposit assistance to low-income families and individuals moving to housing units in Mesa.	73.95	14.29	80.35	\$ 44,366	\$ 50,000	\$ 50,000	Gap funds for working poor
Housing and Revitalization	Re-construction and Major Rehabilitation - This project includes the Re-construction of 1 Single Family Unit and Major Rehabs of 10 Single Family Units. This Re-construction Project has been postponed for the last two years due to budget cuts.	86.50	14.17	88.89	\$ -	\$ 533,372	\$ -	Not needed with Habitats application
HOME - City Departments Subtotal					\$ 176,267	\$ 677,680	\$ 144,308	

HOME Funding Summary - Non Profit Agencies and City Departments	FY 11/12 Revised HUD Allocation to Subrecipient (-11.3%)	FY12/13 Request	FY12/13 Staff Recommend
HOME Non Profit Agencies / CHDO Operating Subtotal	\$ 519,205	\$ 1,359,395	\$ 448,774
CHDO Set-Aside Subtotal	\$ 623,543	\$ 837,600	\$ 350,000
HOME City Departments Subtotal	\$ 176,267	\$ 677,680	\$ 144,308
HOME Total	\$ 1,319,015	\$ 2,874,675	\$ 943,082

Total Allocation from HUD for FY 12/13 \$943,082
 CHDO Operating Maximum Allocation (5%) \$47,154
 CHDO Set-Aside Minimum Required Allocation (15%) \$141,462