

## COMMUNITY & CULTURAL DEVELOPMENT COMMITTEE

September 15, 2011

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 September 15, 2011 at 9:11 a.m.

COMMITTEE PRESENT	COMMITTEE ABSENT	STAFF PRESENT
Dave Richins, Chairman Christopher Glover Scott Somers	None	Natalie Lewis Alfred Smith

1. Items from citizens present.

There were no items from citizens present.

2-a. Hear a presentation, discuss and provide direction on the name for park land at Fire Station 218, near 9<sup>th</sup> Street and Alma School Road.

Parks, Recreation and Commercial Facilities (PRCF) Department Director Marc Heirshberg reported that last night, the Parks and Recreation Advisory Board (PRAB) met regarding the naming of park land adjacent to Fire Station 218. He explained that on September 11<sup>th</sup>, staff and volunteers constructed a park at the site, during which time staff solicited suggestions and votes from the neighbors and volunteers regarding possible names for the park. Mr. Heirshberg noted that 20 individuals voted for Freedom Park, while Firehouse Park received 11 votes. He added that the PRAB unanimously voted to forward the name Freedom Park to the Community & Cultural Development Committee for final approval.

It was moved by Committeemember Glover, seconded by Chairman Richins, that the name Freedom Park be adopted for the park land located adjacent to Fire Station 218.

Carried unanimously.

Chairman Richins thanked Mr. Heirshberg for the presentation.

2-b. Hear a presentation by Housing and Community Development and provide direction on current goals, objectives and application process for Federal entitlement grant funding distributions and methodology for possible Federally-mandated funding restrictions.

Deputy Director of Development Services Tammy Albright addressed the Committee and stated that the Housing and Community Development Department has recently undergone some restructuring. She introduced her management team, which includes Housing and Revitalization Director Mary Berumen, Federal Grants Coordinator Ray Thimesch, and Management Assistant Mischelle Durkovic.

Ms. Albright displayed a PowerPoint presentation (**See Attachment 1**) and reported that staff was in the process of making certain changes to the City's Federal grant process and wanted to provide an overview of the information they have gathered thus far. She noted that any activities the City completes using Federal funds must meet one of three U.S. Department of Housing and Urban Development (HUD) grant requirements. (See Page 2 of Attachment 1)

Ms. Albright briefly highlighted various topics that would be discussed during today's presentation. (See Page 3 of Attachment 1) She reviewed Mesa's current target activities, which include Code Enforcement/Slum and Blight Removal, Economic Development, Housing, Public Facilities, Public Services, and Emergency Services, and said that staff recommends that no changes be made to such activities.

Ms. Albright displayed a document titled "FY 2010-11 Program Resources" (See Page 5 of Attachment 1) and said that last fiscal year, the City administered approximately \$42 million in Federal funds. She also discussed several pie charts illustrating the breakdown of FY 2010-11 expenditures for the Home Investment Partnerships Program (HOME), Emergency Shelter Grants Program (ESG), and General Fund/A Better Community Program (ABC). (See Pages 6, 7 and 8 respectively of Attachment 1) Ms. Albright clarified that regarding the General Fund/ABC activities, such funds are used in the City's Consolidated Plan as Mesa's required matching funds. She further spoke regarding the Community Development Block Grant Program (CDBG) expenditures. (See Page 9 of Attachment 1)

Discussion ensued relative to various HUD trends (See Page 10 of Attachment 1), such as the use of CDBG funds for economic development with regard to low-to-moderate income persons; that Mesa has a Section 108 Loan Program, which promotes reinvesting in economically distressed areas/housing projects; and that HUD is providing technical assistance to grantees (Mesa currently has a HOME and Neighborhood Stabilization Program (NSP) consultant).

Ms. Albright provided an extensive overview of the general restrictions and challenges that staff encounters with respect to the various Federal grant programs. She reported that the NSP grant (See Pages 11 and 12 of Attachment 1), which was developed to increase home ownership and stabilize neighborhoods after foreclosures, has a 10% cap on administration. Ms. Albright indicated that the cap creates a challenge for staff with respect to fulfilling their many responsibilities, including preparing and responding to audits. She also noted that Mesa received \$9.6 million from the NSP1 grant; has nearly completed 39 homes and 33 rental units; and realized \$2.2 million in project income. Ms. Albright added that HUD awarded the City \$4 million for NSP3, which will begin in March 2014.

Ms. Albright further remarked that the City has monitoring commitments with respect to NSP (15 years on ownership and 20 years on rental properties) and stated that if it does not realize project income through these programs, it will be difficult to pay for staff to meet its commitments. She also highlighted the eligible activities with respect to NSP (See Page 13 of Attachment 1) and stated that staff was researching other activities that the City could participate in that would generate program income, which means turning some of the City's grants into long-term, low interest loans. Ms. Albright noted that the monies generated from the loans would be reinvested into new projects and pay for staff to meet the City's monitoring commitments.

Further discussion ensued relative to the CDBG Program (See Pages 14, 15 and 16 of Attachment 1); that the City has a 20% cap on administration costs, although Mesa's program costs have traditionally been in the range of 15% to 17%; and that staff has received preliminary information from the Federal government that next year, Mesa could receive a 25% reduction in its CDBG funding allocation and a 10% cap on administration, which could result in the further elimination of Full Time Employees (FTEs).

Responding to a question from Chairman Richins, Ms. Albright clarified that with the exception of two administrative support positions, the entire staff in Housing and Community Development are funded with CDBG dollars. She stated that if CDBG funding reductions occurred, it would be necessary for her department to seek alternative funding in order to maintain current staffing levels.

Ms. Albright reported that with respect to the CDBG Program, if the City cannot qualify an activity submitted by a subrecipient for reimbursement as Project Delivery, such activity must be included under Public Service. She explained that the City has a 15% cap for Public Service activities and said that there would be no flexibility if Mesa "maxes out" its commitments in this area.

Ms. Albright briefly highlighted the CDBG eligible activities (See Page 16 of Attachment 1) and indicated that Mesa has primarily focused on activities 1 through 7. She said that CDBG is the most flexible grant, but commented that Mesa has not used it for any activity that provides program income. Ms. Albright added that similar to NSP, the City has long-term monitoring commitments with the CDBG Program.

In response to a question from Chairman Richins, Ms. Albright explained that if the City received CDBG program income, it would be restricted to the activities identified on Page 16. She stated that since the CDBG Program has a cap on administration, if the City received, for instance, \$100,000 in program income, only \$10,000 could be used for administration and the remaining funds would be "rolled back out" into those programs.

Ms. Albright indicated that the HOME Program (See Pages 17, 18 and 19 of Attachment 1) has a 10% cap on administration, which has been challenging to staff in the last year since they have devoted significant time and effort in preparing/responding to HUD's audit of the program. She remarked, in addition, that the HOME Program has a minimum of a 15% "set aside" for Community Housing Development Organization (CHDO) operations (i.e., housing development activities). Ms. Albright noted that it has been difficult for the City to find CHDO operations and said that staff was assisting a number of Mesa's larger nonprofit organizations to qualify as CHDOs in order to build more capacity.

Responding to a question from Chairman Richins, Mr. Thimesch explained that this year, the City allocated a “set aside” of approximately 20% for CHDO operations.

Additional discussion ensued relative to the fact that of the total amount of HOME funds expended, the City has a matching requirement of 25% non-Federal funds; that with respect to the HOME Program, the City has a monitoring commitment of 20 years for new construction of rental housing and 5 to 15 years for construction of homeownership housing and housing rehabilitation; that Mesa has not traditionally used this grant for any activity that provides program income; and that there are opportunities for low interest, long-term loans, as opposed to grants, so that the monies can be reinvested into the system.

Ms. Albright further discussed the ESG Program (See Page 20 of Attachment 1) and stated that the program has caps with respect to social services (30%), operating costs (10%), homeless prevention (30%) and grant administration (5%). She noted that the program’s monitoring process was tedious and time consuming for staff. Ms. Albright displayed a chart illustrating a facility awarded a \$100,000 ESG grant and a breakdown of the associated monitoring costs. (See Page 21 of Attachment 1)

In response to a question from Chairman Richins, Ms. Albright clarified that if the ESG contract was awarded, for example, to one agency, the \$5,000 grant administration cost, as depicted on Page 21, would most likely cover staff’s monitoring commitment for one year.

Ms. Albright reported that staff has revised the Housing Choice Vouchers process (See Page 22 of Attachment 1), which used to be task-oriented and is now case-based. She remarked that staff would like to pursue Project-Based Vouchers (the maximum per HUD regulations is 20%), which would assist with financing for permanent supportive housing projects. Ms. Albright added that staff proposes to keep the percentage much lower than 20% since the vouchers have an entirely different set of administration rules.

Chairman Richins commented that staff’s proposal would enable the City to pursue “transformative community projects.” He said that if a large-scale development, for instance, was constructed in downtown Mesa, the Project-Based Vouchers would help the City with the long-term financing mechanism.

Further discussion ensued relative to staff’s proposal to modify the City’s grant application selection process; that HUD permits four models for selecting activities to be implemented by other entities such as subrecipients or CHDOs (**See Attachment 2**); that Mesa currently utilizes the Formal Application Process, during which applications are accepted on an annual basis; that staff recommends the Mixed Approach, in which the City may have a formal or limited application process, but not award a contract or make a commitment to an agency until such time as the entity can come to the City with a “viable, eligible project.”

Ms. Albright reviewed a flowchart depicting the current process for grants application allocation (See Page 24 of Attachment 1), and said that the process was convoluted due to the fact that applications for entitlement grants and Human Services Programs are reviewed by different boards. She explained that staff proposes to streamline the application process (See Page 25 of Attachment 1) so that applications for economic development activities would be presented to the Economic Development Advisory Board (EDAB) and applications for housing or Human Services would be presented to a newly formed Housing and Human Services Advisory Board

(combining the Housing Advisory Board and the Human Services Advisory Board). She added that staff would make their recommendations to this Committee for approval, which would then be forwarded on to the full Council for final action.

In response to a question from Chairman Richins, Ms. Albright clarified that staff proposes to permanently change the nature of the Housing Advisory Board and the Human Services Advisory Board to something that would be akin to a Housing and Community Development Board.

Ms. Albright displayed a proposed timeline with respect to the City's upcoming grant application process. (See Page 27 of Attachment 1) She also reviewed methodology for possible funding reductions (See Page 28 of Attachment 1) and said that staff recommends Option 2 – Eliminate commitments with the lowest rating.

Ms. Albright indicated that staff was seeking direction from the Committee with respect to proposed Consolidated Plan changes, as outlined during her presentation. (See Pages 29 and 30 of Attachment 1) She stated, in addition, that staff has developed a new Application Rating Sheet, which more clearly delineates the manner in which the applicant's scores would be calculated. **(See Attachment 3)**

Additional discussion ensued relative to the fact that staff recently learned that several agencies are seeking State tax credits for their projects; that if a project is located in a "Priority Housing Area," it can qualify for a higher number of points in the application process; and that instead of a particular site being called a "Priority Housing Area," staff recommends that Mesa's entire CDBG target area, which is included in the City's Consolidated Plan, be considered "Priority Housing Areas," which would encompass all of the neighborhoods in the community that have the greatest housing needs.

Chairman Richins requested input from his fellow Committeemembers as to whether they would prefer to narrow the Priority Housing Area, for instance, to downtown Mesa or along light rail construction, or if they concur with staff's proposal.

Committeemember Somers stated that he would prefer to not target low-to-moderate housing along the light rail line and would rather have the market dictate such development.

Chairman Richins stated that staff's recommendation was about creating opportunities in all CDBG target areas for transformative community housing-type projects, no matter whether they include low-to moderate housing or not.

Ms. Albright clarified that staff recommended that the entire CDBG target areas be defined as "Priority Housing Areas" in order to open up the process to any entity that would like to apply for the tax credit. She added that Mesa would benefit from those projects that receive such credits.

Mr. Thimesch said that projects along the light rail system are receiving up to 40 points in the rating process, which is nearly half the number of points that an applicant can receive in order to qualify for the State tax credit.

Committeemember Somers expressed concern that there could be long-term consequences with regard to this issue.

Chairman Richins commented that if the Council was going to truly concentrate on a Form-Based Code in downtown Mesa, the uses do not matter as much as the form.

Committeemember Somers disagreed and said that both form and uses matter, particularly in setting the tone and foundation for what happens to downtown Mesa in the future.

Chairman Richins noted that since staff has made such a comprehensive presentation and provided the Committee with a significant amount of data, he was not prepared to provide direction at this time. He stated that he would like the opportunity to review the materials in detail and have staff bring back this matter for Committee direction at a future date.

Committeemember Somers noted that although he was supportive of combining the Human Services and Housing Advisory Boards, he would like some time to reflect on the concept. He also requested that staff determine whether there would be any consequences if the two boards merged.

Chairman Richins stated that from a funding standpoint, the City was attempting to handle CDBG, ESG, HOME and General Fund/ABC grants as a "holistic package."

Extensive discussion ensued relative to the potential to utilize NSP funding for housing and rehab projects or to shift dollars for certain transformative community projects; that this year, the City's Housing Rehabilitation Program has completed an estimated 400 to 500 emergency rehab projects (air conditioning, roof repairs); that there may be an opportunity for the City's rehab staff to assist nonprofits that do not have the financial resources to perform such projects, with such work charged back to the agency's grant; and that the HOME Program allows funds to be expended for the rehab of existing homes and assistance with mortgages that are "under water" so that the properties do not go into foreclosure.

(Committeemember Glover was excused from the meeting at 9:43 a.m.)

Ms. Albright noted that the Housing Rehabilitation Program is one of the few areas that receive program income. She said the City places liens on properties, and when the homes are sold, money comes back to the City.

Chairman Richins cautioned that staff be thoughtful when they obtain program income from loans and said there will be occasions when that is not appropriate or might hamper the efforts of an agency. He also suggested that the Council provide staff the necessary tools (i.e., forgivable loan, recoverable grant, recoverable loan), so that as the financing for a project starts to unfold, staff would be able to "plug in" the appropriate funding mechanism.

Ms. Berumen acknowledged that staff has provided the Committeemembers an abundance of information for their review. She noted, however, that it was important for Mesa's future that staff and the Council begin to discuss how staff should proceed to most effectively streamline and monitor the City's Federal grants process.

Chairman Richins commented that however the City's grant process is structured, there should be fewer contracts, large-scale, transformative community projects, and a focus on economic development and helping small businesses during light rail construction. He reiterated that the Committee be given an opportunity to review all of the materials; that the matter be brought

back for Committee direction, and that staff consult with the Mayor to determine whether he would prefer that this issue remain at the Committee level or be brought forward to the full Council.

Committeemember Somers suggested that the Committee convene on October 17<sup>th</sup> prior to the Study Session and Regular Council meeting.

Assistant to the City Manager Natalie Lewis responded that staff would schedule the meeting for October 17<sup>th</sup> and said that at that time, the Committee could discuss whether this matter should remain at the Committee level or move forward to the full Council.

Chairman Richins requested that staff provide additional information with respect to Page 28, Option 2 – Eliminate commitments with the lowest rating. He also concurred with staff's recommendation to make no changes to Mesa's current targeted activities; suggested that staff apprise the agencies that economic development and housing are the City's funding priorities; requested that the Committee and staff address the issue of how best to fund Code Enforcement/Slum and Blight Removal; and added that he would prefer that such activity be funded through the General Fund so that CDBG dollars could be freed up for larger projects.

Committeemember Somers stated that he would also like the City to focus on emergency shelters. He remarked that several Councilmembers have discussed the need to shift the funding of Code Enforcement Officers from Federal grants to the General Fund, especially with the anticipated reductions to CDBG and other grants.

Chairman Richins clarified that he was not suggesting that the City eliminate Code Compliance Officers and noted that at a minimum, it must maintain the number that it currently has. He commented that it was also important to address future funding for the Washington Activity Center. Chairman Richins stated that in his opinion, the days of the facility being funded by CDBG "are over" and added that it will be necessary for the City to either make a commitment to fund it through the PRCF Department or not.

Ms. Albright stated that staff could provide the Committee various manuals that include information related to the Mixed Application Process. She added that the City's consultant could also meet with the Committee, if the members so desired, to conduct a training session.

Chairman Richins further suggested that prior to the October 17<sup>th</sup> meeting, that the Committeemembers seek additional training from staff so that the Committee can send "a clear message" to the agencies with regard to the City's funding priorities. He expressed support for staff's proposal to combine processes and create a new application review process with the Housing Advisory Board no longer reviewing economic development applications.

Chairman Richins thanked staff for their efforts, hard work and innovative ideas regarding the City's Federal grant process.

2-c. Hear a presentation and discuss Mesa's Animal Management Program and goals and discuss and provide feedback on preliminary research related to cat management strategies.

Chairman Richins stated that this item was continued to the October 17, 2011 Community & Cultural Development Committee meeting.

3. Adjournment.

Without objection, the Community & Cultural Development Committee meeting adjourned at 10:02 a.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 15<sup>th</sup> day of September, 2011. I further certify that the meeting was duly called and held and that a quorum was present.

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LINDA CROCKER, CITY CLERK

pag  
(attachments – 3)

# Community Development Block Grant Program

## HOME Investment Partnerships Program

## Emergency Shelter Grants (ESG) Program



**Presentation to the Community & Neighborhood Services Committee  
September 15, 2011**

# HUD Grant Requirements

## National Objectives

- Benefit to low-and moderate- income (LMI) persons.
- Aid in the prevention or elimination of slums or blight.
- Meet a need having a particular urgency.

## Outcomes

- Decent Housing
- Suitable Living Environment
- Economic Development

# Why Are We Here?

- Confirm or modify target activities for funding priorities.
- Review HUD trends and priorities.
- Educate Council on grant restrictions.
- Determine application methodology for FY 2012-13 funding.
- Review timeline for funding application process.
- Discuss/determine methodology for possible reduction in funding.

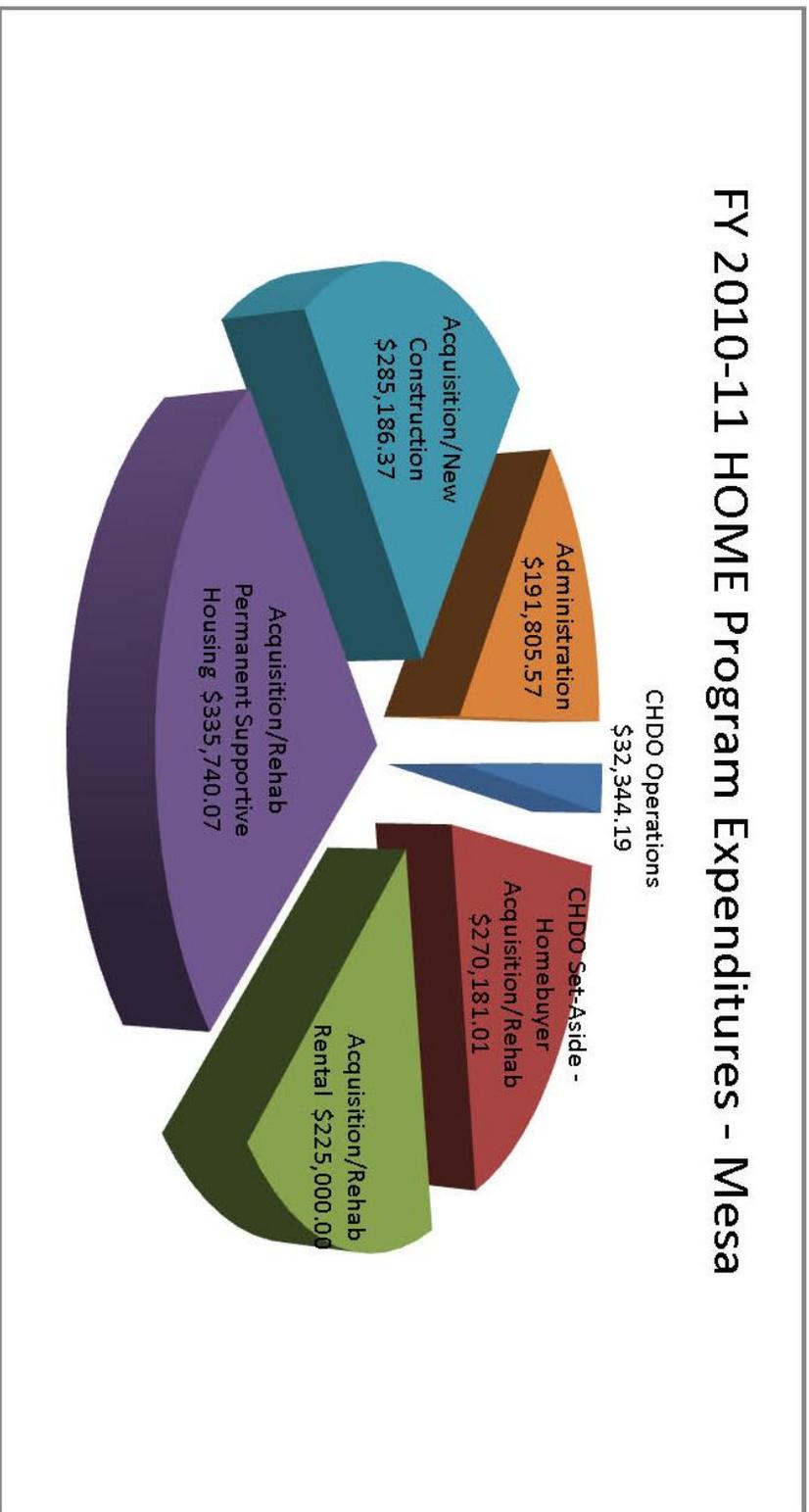
# Mesa's Current Targeted Actives

- Code Enforcement / Slum and Blight Removal
- Economic Development
- Housing
- Public Facilities
- Public Services
- Emergency Shelters
- Staff Recommends no changes

# FY 2010-11 Program Resources

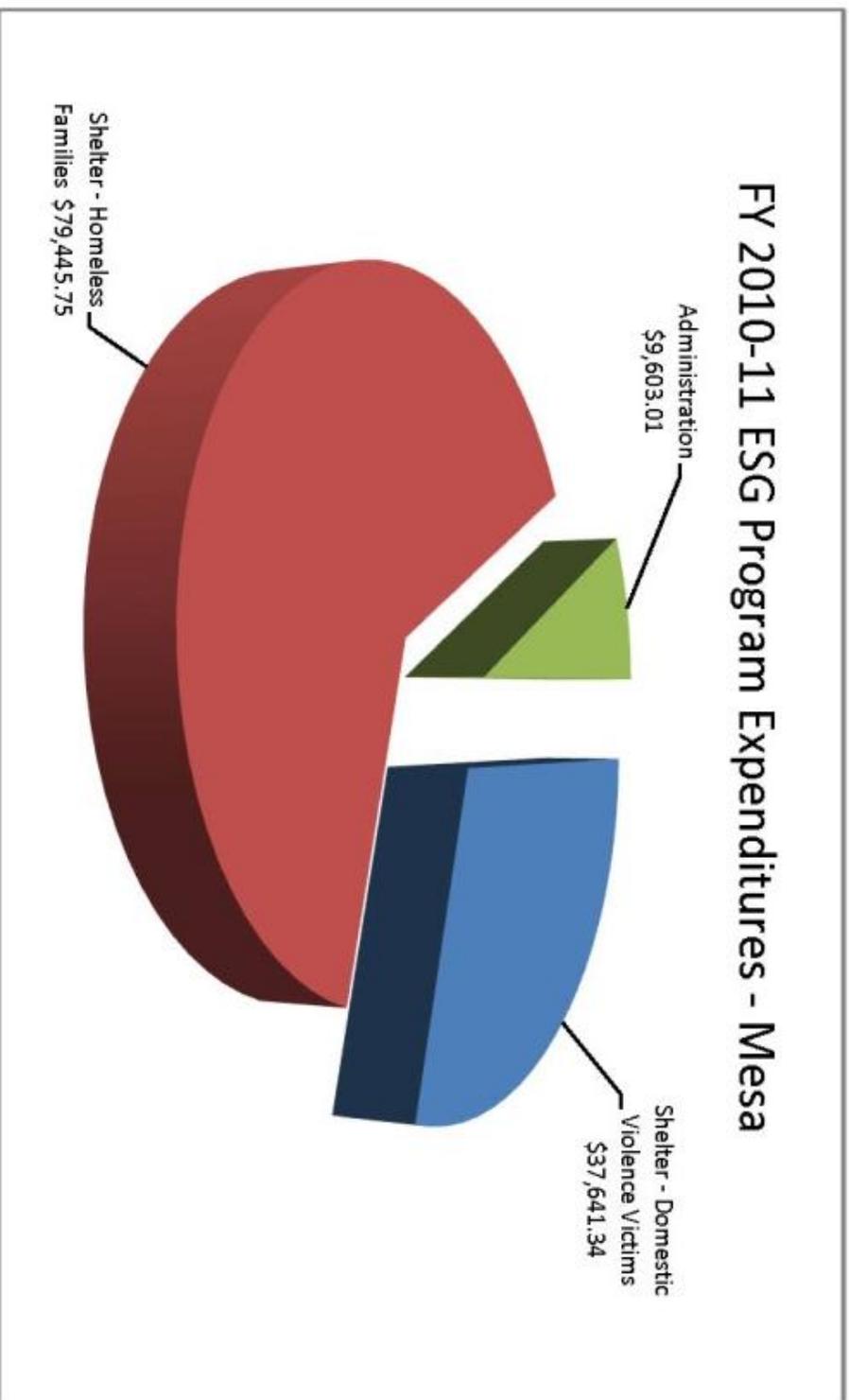
FY 2010-11 Program Resources (CAPER)	
Entitlement Programs	
Community Development Block Grant Program (CDBG)	\$3,723,107
Home Investments Partnership Program (HOME)	\$1,498,210
Emergency Shelter Grants Program (ESG)	\$150,543
Section 108 Loan Program	\$17,500,000
<b>Housing Programs</b>	
Section 8 Housing Choice Voucher	\$11,143,179
Homeless Prevention and Rapid Re-Housing Program (HPRP)	\$419,994
<b>Competitive and Stimulus Programs Balance Available on July 1, 2010</b>	
Community Development Block Grant—Recovery Program (CDBG-R)	\$918,932
Neighborhood Stabilization Program 1 (NSP1)	\$1,848,087.86
Neighborhood Stabilization Program 3 (NSP3)	\$4,019,457
<b>Local Resources and Leverage</b>	
CDBG Program Income	\$54,667.72
HOME Program Income	\$2,895
Human Services and A Better Community Program (ABC)	\$619,895
<b>Total Available Resources</b>	
<b>Total Available</b>	<b>\$41,898,967.58</b>

# FY 2010-11 HOME Program Expenditures



Expenditures include multi-year funds

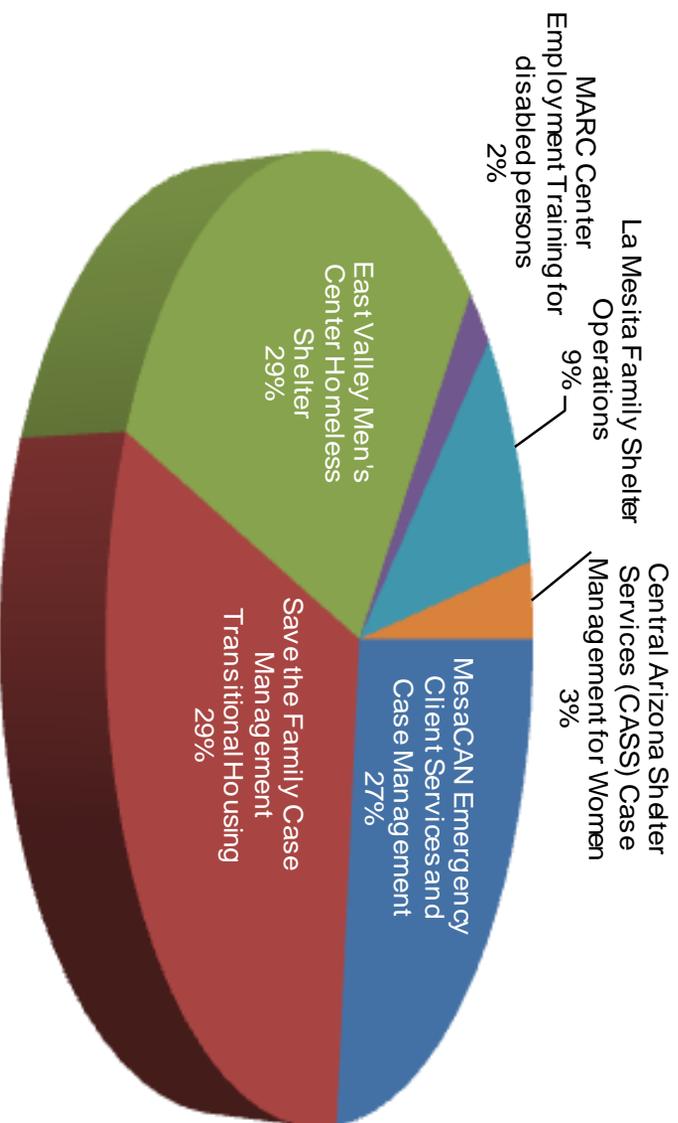
# FY2010-11 Emergency Shelter Grants (ESG) Expenditures



Expenditures include multi-year funds

# FY 2010-11 General Fund / ABC Activities

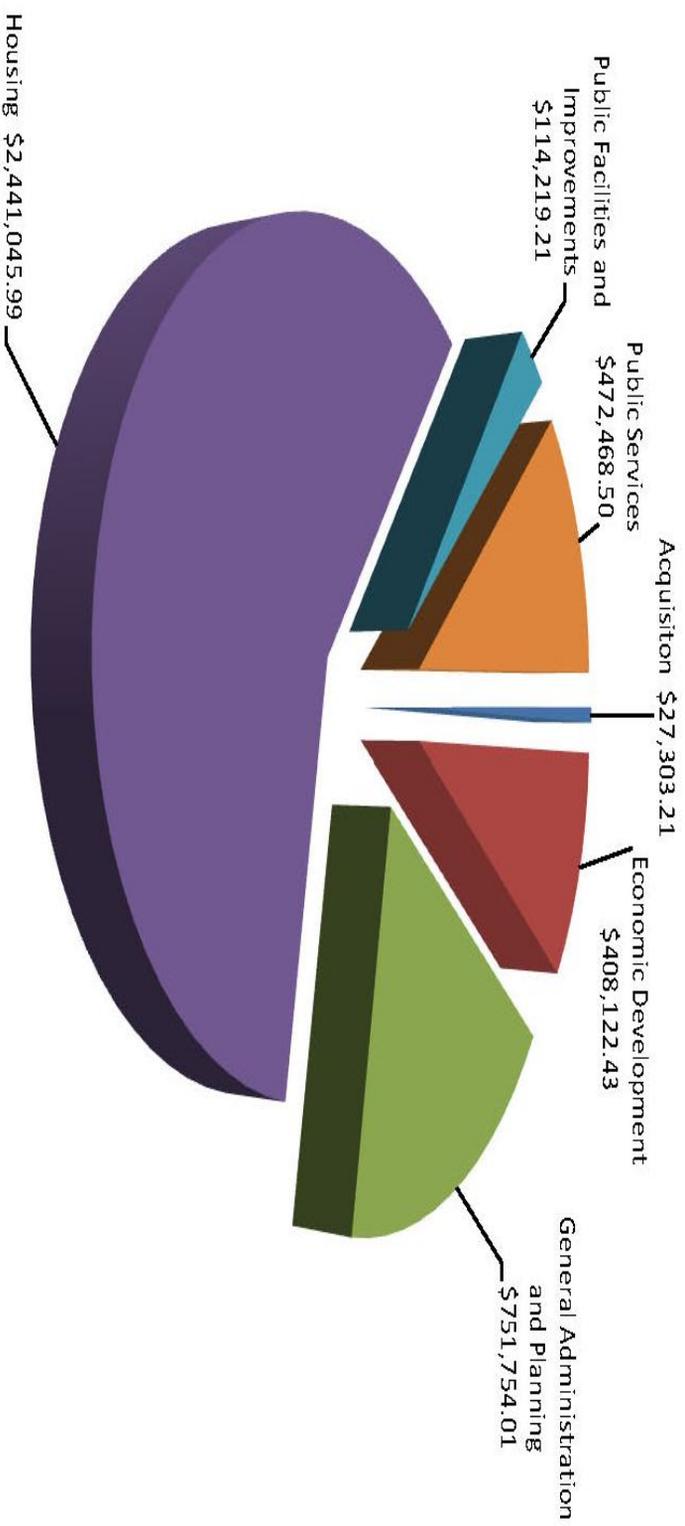
## FY2010 General Fund Expenditures for Homeless Activities



Expenditures include multi-year funds

# FY 2010-11 CDBG Program Expenditures

FY 2010-11 CDBG Program Expenditures - Mesa



Expenditures include multi-year funds

# HUD Trends

- The use of CDBG funds towards Economic Opportunities for low- to moderate-income persons.
- Section 108 – loans used to promote reinvesting into economically distressed areas or housing projects.
- Grants to be used to create sustainable communities – transportation, land use reforms, etc.
- Continuum of Care – shift to provide permanent supportive housing for the chronically homeless.
- Technical Assistance to Grantees (Mesa currently has a HOME and NSP consultant).

# Neighborhood Stabilization Program (NSP)

## General Restrictions

- Increase ownership and stabilize Neighborhoods after foreclosure.
- 10% cap on Admin.
  - Staff Salaries
  - Training / Process Improvements
  - Process of Reimbursement Requests
  - Contract Preparation, Environmental Reviews and Monitoring
  - Audit Preparation and Responses
- Required 25% Set-aside – for 50% Median income or less;
- Completion restrictions –
  - NSP – 1 (\$9,659,665) - July 30, 2013 – completed spending
    - Working with 2.2 million in project income
  - 39 Homes and 10 Non-profit Housing (33 units) completed with NSP – 1
  - 16 Homes currently for sale (3 in the rehabilitation stage)
  - NSP – 3 (\$4,019,547) - March 2014

# Neighborhood Stabilization Program (NSP)

## General Restrictions

- Monitoring Commitments – 15 years on ownership and 20 years on rental properties. Administration fees reserves must pay for 20 years of monitoring and new properties. (currently monitoring 31 properties)
- Assisted rental housing must comply with certain rent limitations. Rent limits are published each year by HUD. The program also establishes maximum per unit subsidy limits and maximum purchase-price limits.
- NSP 1 or 3 Cannot be used for prevention.
- NSP – 3 is restricted to Housing only.

# Neighborhood Stabilization Program (NSP - 1)

Eligible Activities – Staff recommends no change

1. Purchase and rehabilitate homes and residential properties abandoned or foreclosed.
2. Activities which include, but are not limited to:
  1. Establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties.
  2. Establish land banks for foreclosed homes.
  3. Demolish blighted structures.
  4. Redevelop demolished or vacant properties.
3. Option – Obtain Program Income from Loans instead of Grants.

# Community Development Block Grants (CDBG)

## General Restrictions

- Stabilize Communities – most flexible
- Restrictions on New Construction Projects.
- 20% cap on Administration
  - Staff Salaries
  - Training and Process Improvements
  - Process of Reimbursement Requests
  - Contract Preparation, Environmental Reviews and Monitoring
  - Audit Preparation and Responses
  - City Attorney, Accounting and Rehab staff cost
- Possible Admin. cap reduction to 10% – Mesa has traditionally remained about 15 to 17%)
- If reduction is realized it would eliminate FTEs.

# Community Development Block Grants (CDBG)

## General Restrictions

- 15% cap on Public Service Activities.
  - Family Self Sufficiency Services
  - Operating funds for Washington Activity Center
  - Counseling, Education and legal services
- Required Set-aside – 70% of funds must be used for 80% or less of median income.
- Commitment restrictions – 2 years
- Monitoring Commitments – Depends on activity.
- Staff is reviewing pre-commitment of funds in an effort to recommend larger projects and fewer contracts.

# Community Development Block Grants (CDBG)

Eligible Activities – Staff recommends keeping all the activities in Plan for flexibility but focusing on limiting the number of projects or contracts awarded.

1. Acquisition of real property.
2. Relocation and demolition.
3. Code enforcement.
4. Rehabilitation of residential and non-residential structures.
5. Public services, with a 15% cap.
6. Provision of assistances to profit-motivated businesses to carry out economic development and job creation/retention activities.
7. Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes.
8. Activities relating to energy conservation and renewable energy resources.
9. Option - Obtain Program Income from Loans instead of Grants.

# HOME Investment Partnerships Program

## General Restrictions

- Create affordable housing for low-income, for grants, direct loans, loan guarantees or other forms of credit enhancement, or rental assistance or security deposits.
- 10% Cap for Administration.
  - Staff Salaries
  - Training and Process Improvements
  - Process of Reimbursement Requests
  - Contract Preparation , Environmental Reviews and Monitoring / affordability Period
  - Materials and Supplies
- Minimum of 15% set aside for CHDO operations (Developer).
- Match: 25% match on every dollar.

# HOME Investment Partnerships Program

## General Restrictions

- Monitoring 20 years for new construction of rental housing; 5-15 years for construction of homeownership housing and housing rehabilitation, depending on the amount of HOME subsidy
- Administration cost and program income must be used to sustain the program for the monitoring / affordability period
- PJs have two years to commit funds (including reserving funds for CHDOs) and five years to spend funds.
- HOME-assisted rental housing must comply with certain rent limitations. HOME rent limits are published each year by HUD. The program also establishes [maximum per unit subsidy limits](#) and [maximum purchase-price limits](#).

# Eligible HOME Activities

Eligible Activities – Staff recommends keeping all the activities in Plan for flexibility but focusing on limiting the number of projects or contracts awarded.

1. Home purchase or rehabilitation.
2. Financing assistance to eligible homeowners and new homebuyers.
3. Build or rehabilitate housing for rent or ownership, or for "other reasonable and necessary expenses related to the development of non-luxury housing," including:
  - a) site acquisition or improvement,
  - b) demolition of dilapidated housing to make way for HOME-assisted development,
  - c) and payment of relocation expenses.
4. Participating Jurisdictions (PJs) may use HOME funds to provide tenant-based rental assistance.
5. Option 1 – Rehabilitation of Existing Homeowner Properties
6. Option 2 - Obtain Program Income from Loans instead of Grants.

# Emergency Shelter Grants (ESG)

## General Requirements and Eligible Activities

- **Purpose** - To rehabilitate and operate these facilities, provide essential social services, and prevent homelessness
- **Renovation/Rehabilitation or Conversion.** The renovation, major rehabilitation, or conversion of buildings for use as emergency shelters or transitional housing for the homeless.
  - Renovated buildings must be used as shelters for 3 years, and a major rehabilitation or conversion project involves a 10-year commitment.
- **Social Services.** 30% Cap
- **Operating Costs.** 10% Cap
- **Homeless Prevention.** 30% Cap
- **Grant Administration.** 5% Cap
- New construction not permitted.
- Matching funds required (100%).

# Emergency Shelter Grants (ESG)

## Example

- **Facility Awarded \$100,000 grant –**
- **Limited to and required to be monitored:**
  - **Social Services.** 30% Cap - \$30,000
  - **Operating Costs.** 10% Cap - \$10,000
  - **Homeless Prevention.** 30% Cap - \$30,000
  - **Grant Administration.** 5% Cap - \$5,000
- **New construction not permitted.**
- **Matching funds required (100%). - \$100,000**

# Housing Choice Vouchers

- To provide housing for LMI persons.
- Mesa targets less than 50% Area median income.
- Have 1,559 vouchers.
- Would like to commit a percent to Project-Based Vouchers – Maximum per HUD regulations is 20%.
- Project-Based Vouchers would assist with financing for permanent supportive housing projects.

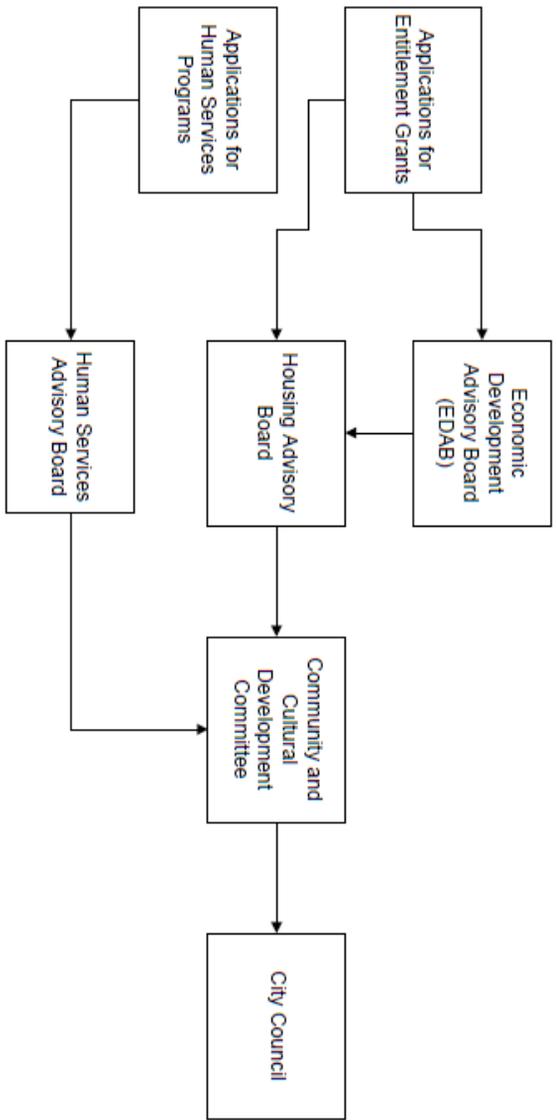
# Grants Application Selection Process

HUD approves 4 options:

- The Formal Application Process (Current).
- The Limited Application Process.
- The Open Door or Unsolicited Application Process.
- The Mixed Approach:  
(See Attachment 1).
- Staff recommends – Mixed Approach.

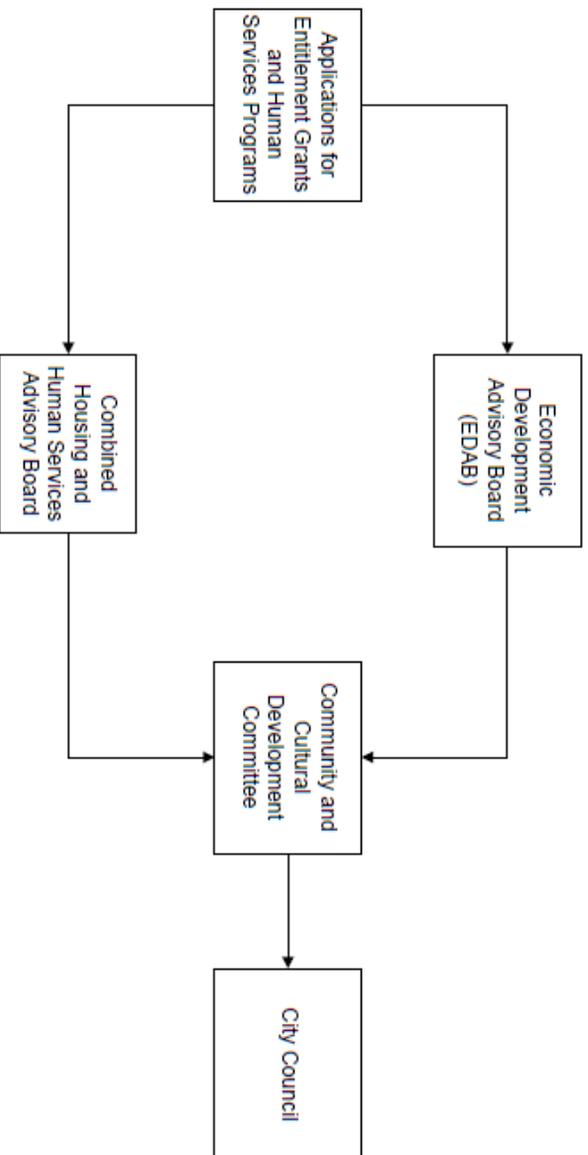
# Grants Application Allocation (Current Process)

## Current Application Process



# Grants Application Allocation (Proposed Process)

## Proposed Application Process



# Boards and Citizen Participation

- **Role of Boards**
  - Resident Advisory Board (Section 8)
  - Housing Advisory Board (CDBG, HOME, ESG)
  - Human Services Advisory Board (Human Services)
- **HUD regulation on Citizen Oversight**
  - Citizen Participation Plan
- **Combining of Boards**
  - Will streamline application process for Entitlement grants and general fund grants (Human Services).

# Proposed Timeline

ACTIVITY	DATE(S)
Applications due	November 2011
Housing Advisory Board Public Hearing #1 – review applications & make recommendations	December 2011
Community and Cultural Development Council Sub-committee – review board recommendations	January 2012
Council Funding Recommendations	February 2012
Public Comment Period	February – March 2012
Annual Plan Approval by Council Public Hearing #2	April 2012
Annual Plan to HUD	May 13, 2011

# Methodology For Possible Reduction

- Option 1 - Prorate all commitments by a percentage.
  - Could prohibit construction of a project.
  - Could increase liability of grant payback from general funds.
- Option 2 - Eliminate commitments with the lowest rating.
- **Staff recommends – Option 2.**

# Proposed Consolidated Plan Changes and Direction Required

## To Add Flexibility, Streamline the Process and Effectively Monitor the Grants for HUD compliance.

- Outline all available activities in the Consolidated Plan in HUD approved major categories to maximize flexibility but focus annual funding to larger projects and less contracts
- Approve a Mixed Application Process in order to award contracts when proposals are completed
- Approve New rating system (Attachment 2).
- Defined CDBG target areas as “Priority Housing Areas”.
- Redefine a substantial amendment.

# **Proposed Consolidated Plan Changes and Direction Required**

## **To Add Flexibility, Streamline the Process and Effectively Monitor the Grants for HUD compliance.**

- Determine who will approve a project (Staff, Housing Board, Council Subcommittee or Council)?
- Add Project Based Vouchers to Plan.
- Option for dealing with possible reductions in funding.
- Combine the Human Services and Housing Advisory Boards
- Streamline the approval process between Economic Development request and Housing request

- Public services as part of an approved Neighborhood Revitalization Strategy effort that does not count toward the public services cap.

## USING CONTRACTORS

- A third administrative option is to use contractors.

*A CDBG contractor is an entity selected through a competitive procurement process to perform a specific service. (The grantee must use the provisions of 24 Part 85 in selecting them. Part 85 is included in the Appendices.)*

*Typically, the service has a clear beginning and end date.*

*The activity may range from being a professional service, such as preparing the Annual Action Plan, a survey or market study, or operating a day care center, to constructing a facility.*

- Contractors are best used for the following situations:
  - The need for their services is usually short term; and
  - The service is not of a general nature.
- There are cautions against establishing a relationship that is more like an employer-employee, due to IRS requirements for self-employment taxes and withheld taxes.

## SELECTING APPLICATIONS

- There are ~~four~~ models for selecting activities to be implemented by other entities, such as subrecipients and CBDOs:
  1. The formal application process;
  2. The limited application process;
  3. "Open door" or unsolicited application process; and
  4. A mixed approach.
- The Formal Application process** requires that applicants submit an application for CDBG funds following a prescribed, or formal, format.
  - Applications are typically accepted on an annual cycle.
  - Selection criteria are clearly spelled out.
  - Funding is competitive and a committee often makes the selection.
  - The formal application process works best when:
    - There is a supply of capable organizations that are interested in working on CDBG activities.
    - There is more demand than supply (to ensure a standard of quality).

- The process is perceived as fair by competing organizations.

PRO'S AND CON'S OF THE FORMAL APPLICATION PROCESS	
ADVANTAGES:	DISADVANTAGES:
<ul style="list-style-type: none"> <li>✓ Extensive information is provided about the project and how ranking will occur for an application to be competitive.</li> <li>✓ Applications have a better chance of being consistent and easier to evaluate.</li> <li>✓ Applicants are typically briefed about what would be expected if their project were selected.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Inexperienced or small applicants may not be able to prepare a competitive application. The "same old/same old" projects and applicants may have the edge.</li> <li>✓ Staff review time may be substantial.</li> <li>✓ Selections may become politicized.</li> <li>✓ There is only "one shot" per year to apply and opportunities may be missed.</li> </ul>

□ ~~The Limited Application Process~~ is similar to the formal process, but the application is not as detailed and grantees would typically provide more technical assistance to applicants during the process.

➤ Under this approach, a "pre-application" would be submitted to the grantee for consideration.

- If a pre-application were promising, the grantee would work with the organization to complete a more comprehensive application that would address the grantee's requirements and concerns.
- A limited number of organizations would be invited to submit full applications.

PRO'S AND CON'S OF THE LIMITED APPLICATION PROCESS	
ADVANTAGES:	DISADVANTAGES:
<ul style="list-style-type: none"> <li>✓ Applications can be accepted from new organizations with limited experience with the process or CDBG.</li> <li>✓ It may attract previous applicants with new ideas who are not sure their proposal would be competitive and are reluctant to spend the time to prepare a formal application.</li> </ul>	<ul style="list-style-type: none"> <li>✓ It is more work for the grantee due to more up-front work with applicants.</li> <li>✓ It may be more risky, in that new applicants and new projects would be funded.</li> <li>✓ It may not be perceived as fair by those who are not invited to submit a full application.</li> </ul>

- **The "Open Door" or Unsolicited Application Process** is the most informal approach to selecting activities and partners in implementation.
  - Applications or requests are received any time during the program year.
  - If this is the approach, applicants still must be made aware of the funding criteria.
  - Some grantees have a "window" during which applications or proposals are accepted. If an application comes in when the window is closed, it could be held over until the next funding cycle.

<b>PRO'S AND CON'S OF THE "OPEN DOOR" APPLICATION PROCESS</b>	
<b>ADVANTAGES:</b>	<b>DISADVANTAGES:</b>
<ul style="list-style-type: none"> <li>✓ It can quickly respond to new needs in the community if applications are accepted over a longer period of time.</li> <li>✓ The lack of formality encourages new applicants who may have fresh ideas.</li> <li>✓ It may be perceived as less bureaucratic and more fair.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Timing may be problematic if funds are all committed and a highly desirable application is submitted.</li> <li>✓ It is more difficult to plan ahead to meet identified goals and objectives.</li> <li>✓ It can be time consuming for staff to respond to unplanned requests for funds.</li> <li>✓ The process will require more budget and program amendments than other approaches.</li> </ul>

- **The Mixed Approach** can present the best of all options. A grantee may have a formal or limited application process and still hold back a pool of funds during the year to entertain good, unsolicited requests for funds.
  - Which ever approach a grantee selects, there will be a need for public outreach and periodic training to ensure the best, most appropriate activities or projects are funded and that a pool of potential "partners" are kept informed about the latest policies.
  - The preceding commercial for "the care and feeding of applicants" is included for two important reasons:
    1. Grantees cannot and should not do it all by themselves; and
    2. Affirmative marketing requirements compel grantees to reach out to a wide pool of eligible people and organizations that deserve a chance to participate in the program as administrators or developers.

**2011 APPLICATION RATING SHEET**

Project Name: \_\_\_\_\_

**2011 CDBG/HOME APPLICATION - PRIORITY FACTORS  
SUMMARY RATING SHEET\***

**Applicant Name:** \_\_\_\_\_

**Project Name:** \_\_\_\_\_

**Amount Requested:** \_\_\_\_\_

	Points Allowed	Points Earned	Section Score	TOTAL:
<b>1. Consolidated Plan (ConPlan) Priority (25%)</b>	<b>100</b>			<b>_____ X 25% = _____</b>
ConPlan Community Development Goals	65	_____		
Priority Community Development Needs	35	_____		
<b>2. Project Readiness (25%)</b>	<b>100</b>			<b>_____ X 25% = _____</b>
Timely Completion/ Expenditure of funds	45	_____		
Environmental Review Requirements	35	_____		
Additional Actions Needed	20	_____		
<b>3. Project Impact and Delivery (20%)</b>	<b>100</b>			<b>_____ X 20% = _____</b>
Achievement of Expected Results	30	_____		
Target Clientele	25	_____		
Number of Persons/Households to Benefit	25	_____		
Business/Operations Plan Approach	20	_____		
<b>4. Financial Considerations (15%)</b>	<b>100</b>			<b>_____ X 15% = _____</b>
Sufficiency and Leveraging of Resources	35	_____		
Fiscal Support and Viability	35	_____		
Project Budget Detail/Use of Funds	30	_____		
<b>5. Applicant Attributes (15%)</b>	<b>100</b>			<b>_____ X 15% = _____</b>
Project/Program Management Ability and Capacity	40	_____		
Past Performance/Experience	30	_____		
Quality of Application	30	_____		
<b>TOTAL SCORE</b>				_____
<b>Bonus Points</b> (see pg. 14)				_____
<b>FINAL SCORE</b>				_____

**Date:** \_\_\_\_\_

**2011 APPLICATION RATING SHEET**

Project Name: \_\_\_\_\_

**1. Consolidated Plan (ConPlan) Priority (25%)**

The project proposal shall be examined in relation to the County's community development goals and funding priorities as presented in the Urban County of San Luis Obispo 2010-2015 Consolidated Plan (ConPlan). The ConPlan is available on the County of San Luis Obispo's Department of Planning and Building's web site at: [www.sloplanning.org](http://www.sloplanning.org). The ConPlan is a five-year plan, developed with community input, studies and assessments, that serves as a key strategic planning tool; providing guidance and direction for the Urban County in administering its federal program funds to address its community development goals and priority needs over the ConPlan's five-year period. The 2010-2015 ConPlan is effective for the period of July 1, 2010 through June 30, 2015.

HUD measures the County's performance on its accomplishment of its ConPlan goals. As such, project proposals that are consistent with the County's ConPlan community development goals and assessment of its priority community need level shall be rated accordingly.

	<u>Points Allowed</u>	<u>Points Earned</u>
<u>Con Plan Community Development Goals</u>	65	_____
65 pts    Maximum Impact: Project is consistent with the ConPlan. It supports a strategic goal, addresses the problem/need, and <b>is an activity identified in the ConPlan</b> . Information and supporting documentation provided in the application is comprehensive, and provides reasonable and clear indication that the project is expected to completely satisfy an unmet HUD strategic goal and activity, and will fully generate the expected outcome(s) as identified in the ConPlan.		
50 pts    Substantial Impact: Project is consistent with the ConPlan. It supports a strategic goal, addresses the problem/need, and <b>is an activity identified in the ConPlan</b> . The information and supporting documentation presented is not as clear and comprehensive, but it appears very probable that the project is expected to completely satisfy an unmet strategic goal and activity, and will generate the expected outcome(s) as identified in the ConPlan.		
30 pts    Moderate Impact: Project is consistent with the ConPlan. It supports a strategic goal, addresses the problem/need, and <b>is an activity identified in the ConPlan</b> . The information and supporting documentation presented is minimally sufficient; however, it also appears that it will only somewhat address and it is unclear as to the degree of which the project will satisfy an unmet HUD strategic goal and activity, and generate the expected outcome(s) as identified in the ConPlan.		
10 pts    Minimal Impact: Project is consistent with the ConPlan. It supports a strategic goal, addresses the problem/need, and <b>is an activity identified in the ConPlan</b> . The information and supporting documentation presented is incomplete, inaccurate or contradictory to the need it proposes to address OR the ConPlan goal and expected outcome has already been fulfilled and/or the problem/need has already been addressed.		
0 pts    No Impact: Project is inconsistent with the ConPlan (does not address a strategic goal, problem/need or activity identified in the ConPlan).		

**2011 APPLICATION RATING SHEET**

Project Name: \_\_\_\_\_

		<u>Points Allowed</u>	<u>Points Earned</u>
	<u>Priority Community Development Needs</u>	35	_____
35 pts	Maximum Impact: The need has been identified as a High priority community development need pursuant to the ConPlan. The project goals and objectives are clearly consistent with addressing this High priority need.		
20 pts	Substantial Impact: The need has been identified as a High priority community development need pursuant to the ConPlan. The project goals and objectives are somewhat consistent with addressing this High priority need.		
10 pts	Moderate Impact: The need has been identified as a Medium priority community development need pursuant to the ConPlan.		
0 pts	Minimal Impact: The need has been identified as a Low priority community development need pursuant to the ConPlan.		
0 pts	No Impact: The need is not identified as a priority community development need pursuant to the ConPlan.		

**2. Project Readiness (25%)**

Project readiness assesses the project’s ability to start upon receiving funding and be completed in a timely manner. Consideration shall be given to proposals which demonstrate project readiness - projects which exhibit the greatest likelihood to start immediately upon receiving CDBG or HOME funding (hereinafter referred to as “Grant Funds”) approval (expected on or about October 2011) and the practicability to expend Grant Funds within or less than a one-year period; and be without factors which would cause undue delays. It is to the applicant’s benefit that its project budget clearly demonstrates that Grant Funds will be encumbered (committed) and expended within the desired one-year time frame or less. Factors to be considered in this area include (a) the Project Schedule (start and completion timetable), (b) the availability of resources (including all non-Grant Funds, federal, state, county or private funding sources, and sufficient funds to pay federal and/or state prevailing wages, if applicable), and (c) any additional actions that may affect the timely implementation of the project.

Completion Timetable. In order to satisfy HUD timeliness standards, CDBG projects are intended to be **completed by June 30 for public services to eighteen months (if involving construction)** of funding. HOME projects must be committed within two years from the beginning of the program year (July 1<sup>st</sup>) and must be expended within five years. Evaluate the **Project Schedule** to determine if the project schedule is reasonable (that the project can start by the planned schedule date and can be completed within the scheduled period of time), that the project is ready to commence upon approval/receipt of the funding (estimated date of October 2011) and that the CDBG funds to be utilized are drawn-down and expended in a timely and regular manner within a one-year time frame or less.

**2011 APPLICATION RATING SHEET**

Project Name: \_\_\_\_\_

		<u>Points Allowed</u>	<u>Points Earned</u>
	<u>Timely Completion/Expenditure of Grant Funds</u>	45	_____
40 - 45 pts	<p><b>Maximum Pace:</b> The project schedule is comprehensive and includes evidence/clear documentation that the project is ready to start upon approval/receipt of funding and/or is very likely to be completed in less than one year of project funding. Project milestones (activities) and other critical elements necessary to accomplish the project are identified in the schedule and assigned time periods for each activity appear reasonable and achievable. It is certain or highly probable that the Grant Funds will be fully expended <u>within the first 11 months (from October 2011 to August 2012)</u> of the project's funding or less.</p>		
30-35 pts	<p><b>Substantial Pace:</b> The project schedule is comprehensive. Documentation indicates that the project will be ready to start within one month of approval/receipt of funding (by November 2011) and/or may take 12 months or slightly longer to be completed. Project milestones (activities) and other critical elements necessary to accomplish the project are identified in the schedule and assigned time periods for each activity appear reasonable and achievable. It is somewhat likely the Grant Funds will be fully expended by the first 12 months of the project's funding (by September 2012) and very probable that it will be expended within the first 15 months (by December 2012).</p>		
15-20 pts	<p><b>Moderate Pace:</b> The project schedule is comprehensive. Documentation indicates that the project is more likely to start later than one month from approval/receipt of funding and/or not be completed within the first 15 months of funding. Project milestones (activities) and other critical elements necessary to accomplish the project are identified in the schedule and assigned time periods for each activity appear reasonable. It is not likely the Grant funds will be fully expended by the first 15 months of the project's funding and probable that it may take up to 18 months to be fully expended (by March 2013).</p>		
5-10 pts.	<p><b>Minimal Pace:</b> The project start date is somewhat uncertain or has not been established and the project schedule is inadequately prepared with key information missing from the schedule and/or time periods are not reasonable. It is likely that the full expenditure of the Grant Funds will extend beyond the first 18 months of the project's funding.</p>		
0 pts	<p>The project schedule is poorly prepared and/or time periods are unrealistic and/or not achievable. It is highly likely that the expenditure of the Grant Funds will extend beyond the first 24 months of the project.</p>		