



# COUNCIL STAFF REPORT

CITY COUNCIL *of* SALT LAKE CITY

**TO:** City Council Members

**FROM:** Allison Rowland, Senior Policy Analyst

**DATE:** March 18, 2025

**RE:** **Fiscal Year 2025-26 Funding Allocations and One-year Action Plan for U.S. Housing and Urban Development Department Grants, including Community Development Block Grants & Others**

**Project Timeline:**

Set Date: February 18, 2025

1<sup>st</sup> Briefing & Public Hearing: March 4, 2025

2<sup>nd</sup> Briefing: March 18, 2025

3<sup>rd</sup> Briefing: April 1 or 8, 2025 (if needed)

Potential Adoption Vote: April 15, 2025

## UPDATES FOR APRIL 1 BRIEFING

On March 25, the Council strawpolled and approved of proposed funding for CBDG categories Neighborhood Improvements and Public Services (after shifting \$30,000 from #24 South Valley Services to #32 YWCA), as well as Emergency Solutions Grants Parts 1 and 2. Strawpolls are still needed for the CBDG category Housing, plus the proposed HOME and HOPWA allocations.

Responses to Council Member Questions:

- **CDBG #6 Habitat for Humanity.** The organization provided a detailed response to questions about the minimum funding level for their proposal and a potential change in the proposed number of projects:

“We [have] outlined the following outputs for a \$500,000 (down from \$600,000) allocation:

- 40 homes repaired with critical improvements that directly enhance health and safety.
- Of those, 4 homes will receive accessibility modifications, allowing older adults and residents with disabilities to age in place safely. (Currently, 12% of our applicants are homeowners living with a disability.)
- 25 of the 40 homes will also receive energy-efficiency upgrades in addition to the critical repairs—lowering utility bills and reducing environmental impact.

That said, we could immediately and effectively invest the full \$600,000 if awarded. However, we could also work with a minimum of \$450,000 to ensure we can continue partnering with Salt Lake City to meet the growing demand for essential home repairs among low-income homeowners. We would continue our part to invest and fundraise to supplement the CDBG funding provided through Salt Lake City.

We do understand the difficult task of allocating limited funds to many valuable requests. We deeply value our partnership with the City and share your commitment to creating safe, healthy, and stable homes for all Salt Lake residents. Thank you for your consideration and for the opportunity to keep building a stronger, healthier community—together.”

- **CDBG #7 Salt Lake City NIS Team.**

- a. The Housing Stability Division provided the following response to how funding would be split among the three programs in their proposed project:

**45%** – Home Repair Program

**32%** – Fix the Bricks

**20%** – Operations & Staffing

**3%** – Minor Repair/Handyman Program

The Division also notes: “These allocations are based on average project costs. Home Repair is the most expensive, with projects costing up to \$50,000, as they often involve comprehensive home rehabilitation. Fix the Bricks has a more consistent average cost of \$25,000 per project since it focuses specifically on seismic retrofitting, including strengthening roof/wall connections and bracing chimneys. Minor Repair/Handyman grants are capped at \$1,500, requiring less funding.”

- b. The Housing Stability Division clarified the use of CDBG funds for Fix the Bricks efforts: “There are no specific priority areas or neighborhoods for the Fix the Bricks program; it is available citywide and operates on a first-come, first-eligible basis from a waitlist that includes District 4. However, the City Council could designate priority areas if desired. To qualify, homes must be owner-occupied, and the household must earn 80% or below the Area Median Income (AMI) to receive full retrofit funding. The 80% AMI requirement applies only to Fix the Bricks (FTB) projects funded through CDBG. For FTB projects funded through FEMA, there is no income limit, but homeowners must cover 25% of the costs. In addition, to assist those at or below 100% AMI, \$84K in general funds is allocated annually to help cover their 25% share. If a home is in severe disrepair, the Home Repair Program may assist with rehabilitation before a Fix the Bricks project can proceed. Since Fix the Bricks only funds seismic retrofits, any additional repairs must be completed separately.”

## **UPDATES FOR MARCH 25 BRIEFING**

### **Responses to Council Member Questions:**

- CDBG #2 ASSIST, Inc., and CDBG #6 Habitat for Humanity: Funding received through Salt Lake City must be used within the entitlement jurisdiction or to directly benefit its residents.
- CDBG #7 Home Repair: SLC Neighborhood Improvement & Stabilization Team (\$845,381 request) is recommended for funding, but CDBG #8 NeighborWorks (\$400,000 request) is not. This is because the Board made their decisions based on the application scores. NeighborWorks just missed the cutoff. Additional details on CDBG #5,6,7,8:
  - o #5 Housing Authority of Salt Lake (Revitalize the Riverside Apartments): 41 units within the apartment complex.
  - o #6 Habitat for Humanity (Critical Home Repair): Urgent home rehabilitation for an estimated 41 homes.
  - o #7 Salt Lake City Housing Stability Division (Home Repair Program): Various levels of home rehabilitation and "Fix the Bricks" seismic retrofits for an estimated 33 homes.
  - o #8 NeighborWorks (Rehab Program): Estimated 14 homes. Not recommended for funding; estimate based on their application request.

- Legally, funding could be shifted to CBDG #32 YWCA (Meals for Survivors) from CBDG #24 South Valley Services (DV Shelter Services), which is also recommended for \$178,431 for HOME Tenant Based Rental Assistance. Pending Council support.

*Note for Council – an Excel version of the full funding log has been sent in email, and Attachment 5 has been updated.*

## ISSUE AT-A-GLANCE

Each year the Council is responsible for allocating millions of dollars in grants from the U.S. Housing and Urban Development Department (HUD) among local organizations that serve Salt Lake City residents. The organizations are primarily non-profits that specialize in providing services to the most economically vulnerable people in the City. For Fiscal Year 2025-26 (FY26), over \$7.7 million dollars is expected to flow through the Division of Housing Stability to organizations selected by the Council. The HUD programs that provide this funding and define the eligible activities for grant recipients are: Community Development Block Grants (CDBG); the HOME Investment Partnership Program (HOME); Emergency Solutions Grants (ESG); and, Housing Opportunities for Persons with AIDS (HOPWA). Details on the proposed grants that make up these totals can be found in Attachment C1.

FY26 Funding (Estimated) by Grant Category and Source			
Grant	Source	Amount	Total
CDBG	HUD Award	\$3,335,779	
	Recaptured Funding	\$650,000	\$4,885,779
	Program Income	\$900,000	
ESG	HUD Award	\$298,628	
	Recaptured Funding	\$0	\$298,628
HOME	HUD Award	\$823,258	
	Recaptured Funding	\$122,000	\$1,645,258
	Program Income	\$700,000	
HOPWA	HUD Award	\$945,200	
	Recaptured Funding	\$0	\$945,200

The City's longer-run funding goals and strategies for using HUD funds are guided by a five-year Consolidated Plan. The updated Plan, which was drafted by the Division of Housing Stability for the period FY2025 to 2029, is also under Council consideration (See Attachment C2). Along with the local goals and strategies that the successful applications must support to access annual grant funding, the draft Plan also proposes slight modifications to the geographical area that must be defined for targeted CDBG spending on public infrastructure and economic development. A map of the proposed target area appears in Attachment C3.

**Goal of the briefing:** Discuss the Council's federal grant priorities, ask questions about applications, and ultimately, award funding to eligible programs and projects.

## ADDITIONAL & BACKGROUND INFORMATION

Grants offered through HUD provide substantial funding amounts to local organizations that serve people with low- and moderate-income (LMI) levels; people experiencing or on the verge of homelessness; potential homeowners; and people with AIDS/HIV who need affordable housing. Most of the funds are “passed through” the City to specific recipients or programs, including several programs that are administered by the City through an annual competitive grant process.

**A. Sources of Annual Funds.** For FY26, the Division of Housing Stability (which is part of CAN, the Department of Communities and Neighborhoods) estimates that the total amount available in HUD funding for use in housing and related activities is nearly \$7.8 million. These grants are considered “entitlement” funds—that is, Federal money provided on a recurring basis, with amounts linked to formulas that consider population and other demographics variables. The amount available to the City also varies each year because it draws from three different sources: new funding, recaptured funds, and program income. The total estimate is the sum of the grants awarded in the previous funding year, combined with any recaptured funds and program income (see below).

*Staff note: In the past, HUD award amounts have been received sometime between March and May. Since these funds depend on Congressional approval of an annual Federal budget and, as of this writing, Congress is still operating under a Continuing Resolution for Federal FY25, HUD cannot yet issue its finalized award notifications. HUD typically finalizes and announces awards within 30 days.*

➤ **POLICY QUESTION: The Council may wish to discuss potential options with the Administration, should adoption of a Federal budget be further postponed.**

1. **New Funding.** Because the precise amount of new grants is typically not determined before the Council discussion and allocation process, the Division of Housing Stability provides estimates based on awards from the previous funding year. The funding amounts are updated by the Division once final notification is received from HUD, and these are adjusted for each grantee based on contingencies approved by the Council as part of the allocation process (see section E, below).

Approximately \$6,224,865 in new funds is estimated to be available through the four HUD programs for FY26. Specifically,

- Community Development Block Grants (CDBG), \$3,335,779;
- HOME Investment Partnership Program, \$1,645,258;
- Emergency Solutions Grants (ESG), \$298,628; and,
- Housing Opportunities for Persons with AIDS (HOPWA), \$945,200.

2. **Recaptured Funds.** At the close of each HUD program year, once agreements expire or projects are completed, funds available for “recapture” are identified. This occurs when, for example, a project is completed under budget, contracts expire before funds are used, or a project or program is somehow unsuccessful. The City can use these funds in the next round of allocations, subject to the federal requirements, eligibility criteria, and limitations of the original federal funding source. They are not allowed to be used for City administration and planning activities, or for CDBG Public Services programs. For FY26, recaptured CDBG funds amounted to \$650,000, and HOME funds to \$122,000 (details of specific programs, activities and funding amounts can be found on page 4 of the transmittal).
3. **Program Income.** Several income-generating programs are funded by CDBG and HOME, including downpayment assistance, first-time homebuyer mortgages, and certain home rehabilitation programs. The amounts fluctuate from year to year. All program income generated by HUD funding must be spent before any entitlement funds are drawn down, so the City typically allocates anticipated

program income at the same time as annual entitlement funding. Contingencies are built in for differences between the estimates and actual revenue, since the amount of program income allocated is based on estimates of revenue not yet received.

For FY26, the estimated amount of Program Income available for allocation are \$900,000 in CDBG funds, and \$700,000 in HOME funds. The transmittal notes: *“Due to increasing administrative burden in the deployment and oversight of these funds, the Administration is requesting the full allowable 20% (including from Program Income) for the 2025-2026 program year.”*

**B. Estimated Available FY26 Funding by Grant Category and Source.** As noted above, any prior-year grant awards that remain unused by the grantee during the year are “recaptured” and made available for other use in the following HUD cycle. The City also adds any “program income” to the annual HUD grant allocations to ensure it is reallocated promptly, per HUD guidance.

<b>FY26 Funding (Estimated) by Grant Category and Source</b>			
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HOPWA	HUD Award	\$945,200	
	Recaptured Funding	\$0	\$945,200

The City allocates these funds through an open and competitive process. Applications are evaluated based on HUD requirements and how well they align with the City’s Five-Year Consolidated Plan goals (see section F below). The Council considers all public comments received, along with the recommendations from the Mayor and the Community Development and Capital Improvement Program (CDCIP) advisory board before making funding decisions. All funding decisions made by the Council are ultimately subject to HUD approval. See section G, below, for trends in program funding for Salt Lake City over recent years.

- 1. Community Development and Block Grant (CDBG).** This program provides annual grants to states, cities, and counties to create safe and affordable housing opportunities, expand neighborhood transportation and economic opportunities, invest in social service programs, and more. As noted in the chart above, in FY26 approximately \$4,885,779 is available for allocation to CDBG programs. The total sum of local requests for these funds was \$9,572,869, nearly double the amount available (see table in section C1 below).

CDBG grants focus on community development with an emphasis on physical improvements. CDBG funds are allocated to organizations in three categories, listed below. City administration fees are limited to 20% of the annual grant award and program income received during the program year.

- a. Housing

- b. **Neighborhood Improvements:** This category funds transportation and economic development infrastructure (within the designated target area, see Attachment C3 for map).
  - c. **Public Services:** This category focuses on services for individuals in need, and not necessarily on physical improvements as other CDBG categories do, and it is typically the most competitive category. Its total amount is limited to 15% of the annual CDBG award, and the recommendations for funding requests from the CDCIP Board and Mayor add up to this maximum. This means that if the Council would like to allocate money to any application beyond the Mayor's recommended funding in this category, those funds must be shifted from another Public Services application.
2. **Emergency Solutions Grant (ESG).** The ESG program focuses on preventing homelessness and providing services to individuals who are experiencing homelessness. Examples are street outreach, emergency shelter, prevention efforts, and rapid re-housing assistance. As noted in the chart above, in FY26 approximately \$298,628 is available for allocation to ESG programs. The total sum of local funding requests for these funds was \$728,481, about two-and-a-half times the amount available (see table in section C1 below).

ESG funds are allocated to organizations providing services in two categories. City administration fees are limited to 7.5% of the annual grant award.

- a. ESG Part 1: Street Outreach and Emergency Shelter (limited to 60% of the total annual grant award).
  - b. ESG Part 2: Homelessness Prevention, Rapid Re-Housing, and Homeless Management Information Systems.
3. **HOME Investment Partnership (HOME).** This is the only grant program entirely focused on expanding the supply of quality affordable housing for low-to-moderate-income residents. It allows states and municipalities to fund a wide range of activities, such as building, buying, or rehabilitating affordable housing for rent or homeownership, and may provide direct rental assistance to renters. As noted in the chart above, approximately \$1,645,258 is available in FY26 for allocation to CDBG programs. The total sum of local funding requests for these funds was \$3,292,861, or double the amount available (see table in section C1 below).

HOME funds are allocated to organizations providing services in two categories. City administration fees are limited to 10% of the annual grant award and program income received during the program year.

- a. Standard HOME Funds.
  - b. **Community Housing Development Organizations (CHDO).** This program specifically, 15% of the annual grant award goes to certified projects for which create or develop affordable rental or homebuyer housing. Rental assistance, homeowner rehabilitation, and down payment assistance are not eligible expenses. For this reason, the Housing Stability Division is working with the Community Reinvestment Agency (CRA) to include these funds in the CRA's annual Notice of Funding Availability (NOFA) process for funding affordable housing development. The Community Development Corporation of Utah is seeking certification as a CHDO in Salt Lake City, but the Housing Stability Division states that expanding the number of CHDOs remains challenging. Other areas of the country have similarly struggled to meet the certification criteria.
4. **Housing Opportunities for Persons with AIDS (HOPWA).** The HOPWA Program is the only Federal program dedicated to the housing needs of people living with HIV/AIDS. It provides funding for projects that address the needs and benefit individuals living with

HIV/AIDS and their families. As noted in the chart above, approximately \$945,200 is available in FY26 for allocation to CDBG programs. The sum of local funding requests for these funds was \$812,720, or only 86% of the amount

available so both the CDCIP Board and the Mayor recommend providing amounts larger than those requested for the two applicants. The Housing Stability Division is working with the two organizations to determine whether they will be able to make good use of these additional funds. City administration fees are limited to 3% of the annual grant award.

**C. The Funding Recommendation Process.** The Council bases its selection of final HUD grant awards on information from the Division of Housing Stability, as well as the reviews and recommendations of the Community Development and Capital Improvement Program (CDCIP) resident advisory board, and the Mayor. These recommendations are presented in Attachment C1. An additional source of information is the public hearing held at a Formal Meeting early in the deliberation process.

1. **A Competitive Process.** Typically, the combined amount of total funding requested by applicants significantly exceeds available funds. For FY26, requests total 185% of available funding, with \$14,406,932 requested, and only an estimated \$7,774,865 available (see table below). As noted in section A above, HUD has not yet confirmed the City's final award amounts, so at this stage the City works with estimates of available funding that are based on the previous year's amounts.

Estimated FY26 Funding from All Grant Programs			
Grant	Available Funds	Total Requests	Requests as % of Available Funds
CDBG	\$4,885,779	\$9,572,869	196%
ESG	\$298,628	\$728,481	244%
HOME	\$1,645,258	\$3,292,861	200%
HOPWA	\$945,200	\$812,720	86%
<b>Total</b>	<b>\$7,774,865</b>	<b>\$14,406,932</b>	<b>185%</b>

2. **Recommendations for the Council.** In preparation for the Council's decisions on grant amounts to specific organizations, each application receives a score and a funding recommendation from the CDCIP Advisory Board. These scores and recommendations are provided to the Mayor, who adds funding recommendations of her own. Attachment C4 shows each FY26 application ranked by score within each grant category. These scores are calculated by combining the advisory board's raw score with City staff's administrative and risk assessment scores.

The resident advisory board also provides recommendations for funding contingencies, which are applied in the event that actual funding is more or less than estimated. These recommendations are listed in section E, below. These are also subject to Council approval.

Additional details for applications in all four annual HUD grants are provided in Attachment C1. These details include project and program descriptions and prior-year award amounts for returning applications.

3. **Minimum Funding Threshold.** In a previous Council briefing, the Housing Stability Division proposed to increase the minimum funding threshold for HUD Grant applicants from \$30,000 to \$50,000 annually, which conforms to with best practices. This floor would be included in the new five-year Consolidated Plan and future Annual Action Plans, but the Housing Stability Division opted to keep the funding floor at \$30,000 for FY26 since the application process was already underway. The Division reported that applicants and past recipients largely supported increasing the funding floor to \$50,000, which is proposed to begin in FY27 to provide sufficient notice to potential applicants.



- **POLICY QUESTION: Would the Council like to discuss the advantages and drawbacks of increasing the minimum funding threshold to \$50,000?**

#### **D. Overview of FY26 Funding Recommendations.**

1. **Mayoral versus Board Recommendations.** As in most other years, the Board and the Mayor agree on the majority of their recommendations for FY26. The two sets of recommendations differ only for the items listed below. See Attachment C4 for the FY 2025-26 Grant Recommendations by score.
  - a. **CDGB #6.** The board recommends fully funding the \$600,000 requested for Habitat for Humanity's Critical Home Repair Program, while the Mayor recommends funding only \$500,000, and moving the remaining \$100,000 to Salt Lake City NIS Team. (Also a new application.)
  - b. **CDGB #7.** The Salt Lake City NIS Team requested \$1,377,500 for the Home Repair Program and the Fix the Bricks Program, but both the board and the Mayor recommend much lower amounts, of \$745,381 and \$845,381, respectively.
  - c. **ESG #2 (Part 1).** The board recommends fully funding the \$60,000 Volunteers of America request for the Youth Resource Center, while the Mayor recommends funding only \$50,000, and splitting the remaining \$10,000 between items f. and g. below.
  - d. **ESG #3 (Part 1).** The board recommends fully funding the \$60,000 Volunteers of America request for the Geraldine E. King Women's Resource Center, while the Mayor recommends funding only \$35,000, and splitting the remaining \$25,000 between items f. and g. below.
  - e. **ESG #4 (Part 1).** The board recommends funding \$59,176 of the \$60,000 First Step House request for its Resource Center Program, while the Mayor recommends funding only \$34,176, and splitting the remaining \$25,000 between items f. and g. below.
  - f. **ESG #6 (Part 1).** The board does not recommend funding the \$50,000 Shelter the Homeless request for its Shelter Operations, but the Mayor recommends funding it at \$30,000, moving the amount from items c., d., and e. above.
  - g. **ESG #7 (Part 1).** The board does not recommend funding the \$30,800 Ruff Haven request for its Street Outreach, while the Mayor recommends funding it at \$30,000, moving the amount from items c., d., and e. above.
2. **Disqualified Applications.** Two applications were determined to be ineligible this year because they were not eligible uses of the CDBG program funds. The applications are:
  - a. **CDGB #9.** International Center for Appropriate and Sustainable Technology, Electric Vehicle Charger Installation. (Also a new application.)
  - b. **CDGB #44 (Public Services).** English Skills Learning Center, Increasing Communication Capacity. (Also a new application.)
3. **Returning Project Applications Not Recommended for FY26 Funding.** There are 13 returning applications that received grant awards last year but did not receive a funding recommendation this year.
  - a. **CDGB #9.** NeighborWorks Salt Lake, Home Repair Program and Fix the Bricks Program. \$400,000.

- b. **CDGB #25 (Public Services).** Wasatch Community Gardens, Green Team Program. \$40,000.
- c. **CDBG #26 (Public Services).** Boys and Girls Club of Salt Lake City, Childcare Services. \$85,000.
- d. **CDBG #27 (Public Services).** First Step House, Employment Preparation Program. \$68,518.
- e. **CDBG #29 (Public Services).** Neighborhood House. Childcare Staffing. \$87,387.
- f. **CDGB #31 (Public Services).** First Step House, Peer Supportive Services. \$90,000.
- g. **CDGB #34 (Public Services).** Community Development Corporation of Utah, Community Navigation Program. \$75,000.
- h. **CDGB #37 (Public Services).** Advantage Services, Employment Services. \$100,000.
- i. **CDGB #38 (Public Services).** The Road Home, Housing Staffing. \$50,000.
- j. **CDGB #39 (Public Services).** Shelter the Homeless, Security and Food at Homeless Resource Centers. \$50,000.
- k. **CDGB #41 (Public Services).** Catholic Community Services, Chef Trainer. \$50,000.
- l. **CDGB #42 (Public Services).** Catholic Community Services, Employment/Life Skills Coordinator. \$50,000.
- m. **CDGB #43 (Public Services).** Utah's Promise, Connecting with Essential Resources. \$45,000.

4. **New Applications.** This year there are 15 new applications for CDBG, which is more than usual. There are also three new applications for ESG. Note that some of these applications are for new programs that would be offered by returning organizations.

- a. **CDGB #3.** Odyssey House, Replace HVAC System. Recommended for \$250,000.
- b. **CDGB #5.** Housing Authority of Salt Lake City. Revitalizing Riverside Apartments. Recommended for \$146,625.
- c. **CDGB #6.** Habitat for Humanity, Critical Home Repair Program. The board recommends fully funding the \$600,000 requested, while the Mayor recommends funding only \$500,000, and moving the remaining \$100,000 to Salt Lake City NIS Team.
- d. **CDGB #9.** International Center for Appropriate and Sustainable Technology, Electric Vehicle Charger Installation. Not recommended for funding.
- e. **CDGB #11.** Utah Film Center, Update Film Center. Not recommended for funding.
- f. **CDGB #17 (Public Services).** THRIVE Center for Survivors of Torture, Mental Health Services for Refugees. Recommended for \$30,000.
- g. **CDGB #20 (Public Services).** Food Justice Coalition, Food Services. Recommended for \$30,000.
- h. **CDGB #22 (Public Services).** International Rescue Committee, VESL Program. Recommended for \$40,000.

- i. **CDGB #28 (Public Services).** Asian Association, Refugee Financial Education Program. Not recommended for funding.

- j. **CDGB #30 (Public Services).** Salt Lake City Public Library, Case Management. Not recommended for funding.
- k. **CDGB #32 (Public Services).** YWCA, Domestic Violence Shelter Meals. Not recommended for funding.
- l. **CDGB #33 (Public Services).** Salt Lake American, Refugee Services for Survival. Not recommended for funding.
- m. **CDGB #35 (Public Services).** Utah Community Action, Childcare Services. Not recommended for funding.
- n. **CDGB #36 (Public Services).** Big Brothers Big Sisters of Utah, Support Staffing. Not recommended for funding.
- o. **CDGB #40 (Public Services).** Odyssey House, Explorers Program. Not recommended for funding.
- p. **ESG #5 (Part 1).** YWCA, Shelter Advocacy. Not recommended for funding.
- q. **ESG #9 (Part 2).** Housing Authority of Salt Lake, Homeless Prevention. Not recommended for funding.
- r. **ESG #11 (Part 2).** Asian Association, Homeless Prevention. Not recommended for funding.

- 5. **Projects Recommended for More Funding than was Requested.** Two applications, both in the HOPWA program, received recommendations from both the Board and the Mayor, for more funding than they had requested. Housing Stability Division staff is checking with the two organizations to ensure they can make use of the additional funding amount.
  - a. **HOPWA #2.** Utah Community Action, HOPWA. Requested \$191,585; recommended for \$227,844.
  - b. **HOPWA #3.** Housing Connect, Housing Assistance. Requested \$589,779; recommended for \$689,000.
- 6. **Organizations with Multiple Applications.** Some organizations submit a single application for a program for which they seek funding from multiple grants. Others submit multiple applications for different programs which are narrowly tailored to each grant. Organizations with multiple applications are listed alphabetically in Attachment C5, with total funding requested and the recommended award amounts.

**E. Funding Contingencies.** Annual HUD program funding is allocated by the Council on the basis of estimates of funding that has not yet been received. For this reason, contingencies are needed to compensate for differences between estimates and actual grant amounts received. Each year the advisory board recommends specific contingencies, which are summarized in the table below. The Council may wish to review the contingencies listed below and identify any changes they wish to make in case HUD's confirmation of final funding amounts is not available by the scheduled vote on April 15.

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#### **FY26 Council Funding Contingencies**

*If MORE funding is available*

*If LESS funding is available*

<b>CDBG</b>	Allocate 20% of the annual CDBG award to program administration. Allocate 15% of the annual award and estimated 2024-25 CDBG Program Income to Public Services. Add additional funding to the highest-scoring applications up to the full ask before moving to the next highest-scoring application. As much as practicable, round to the nearest \$1,000 or \$10,000.	Allocate 20% of the annual CDBG award to program administration. Allocate 15% of the annual award and estimated 2024-25 CDBG Program Income to Public Services. Remove funding from the lowest-scoring activities down to the minimum amount required to run the program, moving up from the lowest-scoring, funded activity. If you reach the top of the programs and funding still needs to be decreased, remove the lowest scoring, funded activity, and reallocate the funding to the highest scoring activity up to the board's recommended amounts, moving down the list. Round to the nearest \$1,000 or \$10,000.
<b>ESG</b>	Allocate 7.5% of the annual ESG award to program administration. Do not exceed the 60% Part 1 funding cap. Add additional funding to the highest-scoring applications up to the full ask before moving to the next highest-scoring application. As much as practicable, round to the nearest \$1,000.	Allocate 7.5% of the annual ESG award to program administration. Remove funding from the lowest-scoring activities down to the minimum amount required to run the program, moving up from the lowest-scoring, funded activity. If you reach the top of the programs and funding still needs to be decreased, remove the lowest scoring, funded activity, and reallocate the funding to the highest scoring activity up to the board's recommended amounts, moving down the list. Round to the nearest \$1,000.
<b>HOME</b>	Allocate 10% of the annual HOME award to program administration. Allocate 15% of the annual award for the CHDO Set-Aside. Add additional funding to the highest-scoring applications up to the full ask before moving to the next highest-scoring application. As much as practicable, round to the nearest \$1,000 or \$10,000.	Allocate 10% of the annual HOME award to program administration. Allocate 15% of the annual award and 15% of the estimated 2024-25 CDBG Program Income to Public Services. Remove funding from the lowest-scoring activities down to the minimum amount required to run the program, moving up from the lowest-scoring, funded activity. If you reach the top of the programs and funding still needs to be decreased, remove the lowest scoring, funded activity, and reallocate the funding to the highest scoring activity up to the board's recommended amounts, moving down the list. Round to the nearest \$1,000 or \$10,000.
<b>HOPWA</b>	Allocate 3% of the annual HOPWA award to program administration. Add additional funding to the highest-scoring applications up to the full ask before moving to the next highest-scoring application. As much as practicable, round to the nearest \$1,000 or \$10,000.	Allocate 3% of the annual HOPWA award to program administration. Remove funding from the lowest-scoring activities down to the minimum amount required to run the program, moving up from the lowest-scoring, funded activity. If you reach the top of the programs and funding still needs to be decreased, remove the lowest scoring, funded activity, and reallocate the funding to the highest scoring activity up to the board's recommended amounts, moving down the list. Round to the nearest \$1,000 or \$10,000.

## F. FY26 HUD Entitlement Allocations and the FY25-29 Consolidated Plan

1. **The FY25-29 Consolidated Plan.** Each successive five-year Consolidated Plan spells out the goals and strategies that determine eligibility for HUD grant funding and identifies geographic target areas for the CDBG neighborhood improvement category funding (see below). A comparison of the goals and strategies of the current consolidated plan with the proposed FY25-29 Consolidated Plan can be found in Attachment C2.
2. **CDBG Neighborhood Improvements Category Target Area in the 2025-2029 Consolidated Plan.** The target area delineates the geographic boundaries for spending CDBG

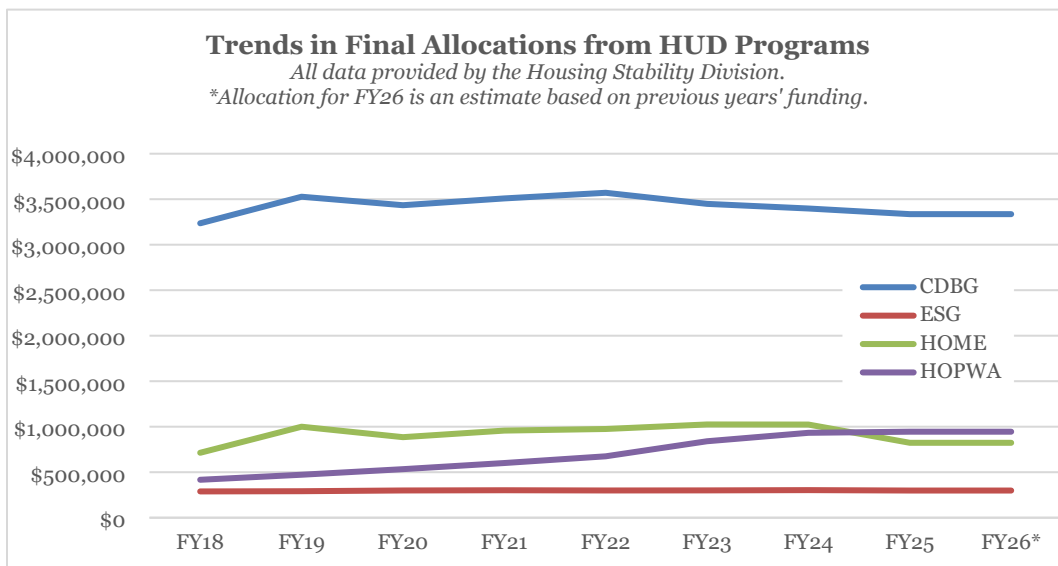
funding on economic development and public infrastructure improvements (Attachment C3). Focusing federal grants in specific target areas is intended to maximize community impact and stimulate investments from other entities in these neighborhoods. These applications are included in the CDBG Neighborhood Improvements category on the funding log. Examples of these project types include small business façade improvement grants, public transit improvements, and creation of ADA ramps. A city which does not fund applications that advance the five-year plan could be considered by as underperforming, which may lead to reductions in future grant awards, and audits of the program.

- ***Policy Question: Would the Council like to discuss the proposal to shift the current CDBG boundaries as depicted in Attachment C3?***

### **3. Timeline for Allocations and New Consolidated Plan.**

	<b>FY26 HUD Entitlement Allocations</b>	<b>FY25-29 Consolidated Plan</b>
<b>April 15</b>	Council adoption of FY26 HUD entitlement allocations	Council adoption of Consolidated Plan
<b>April 1</b>	Third briefing ( <i>if needed</i> )	
<b>March 25</b>	Second briefing	
<b>March 18</b>	First briefing	
<b>March 4</b>	Mayor’s funding recommendations. Council public hearing.	Council public hearing
<b>February 18</b>	Set date for public hearing	Set date for public hearing
<b>February 11</b>		Follow-up briefing for Draft 5-year HUD Consolidated Plan FY25-2029 (initial briefing October 1, 2024).

**G. Trends in City Housing Funding.** As seen in the chart below, HUD Grant funding has remained relatively stable throughout recent years. The largest exception is the sharp increase in HOPWA funding over the period, which resulted from 2016 Federal legislation that adjusted the funding formula to better reflect HIV epidemic data. Continued funding increases are not expected because the phased formula adjustment has now been fully implemented.



- **POLICY QUESTION:** *The Council might wish to engage the Administration in a discussion about funding shifts in the other HUD Grant programs over this period.*

## GENERAL POLICY QUESTIONS

1. Does the Council have any questions about the funding recommendations from the Advisory Board and the Mayor?
2. Would Council Members like to suggest any potential funding shifts among applications?

## ATTACHMENTS

Attachment C1. Recommended Uses of FY2025-26 Federal Funding.

Attachment C2. Proposed FY2025 to 2029 Consolidated Plan Goals and Strategies.

Attachment C3. Target Area Map for CDBG Neighborhood Improvements (2025-2029 Consolidated Plan).

Attachment C4. FY 2025-26 Grant Recommendations by Score.

Attachment C5. Organizations with Multiple Applications.