



COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

TO: City Council Members

FROM: Ben Luedtke
Budget & Public Policy Analyst

DATE: March 22, 2022

RE: Federal HUD Grant Appropriations 2022-2023: Community Development Block Grants (CDBG), Emergency Solutions Grants (ESG), HOME Investment Partnership and Housing Opportunities for Persons With AIDS (HOPWA)

Project Timeline:

Set Date: February 15, 2022
1st Briefing: March 22, 2022
Public Hearing: March 22, 2022
2nd Briefing: April 5, 2022
3rd Briefing: April 12, 2022 (if needed)
Potential Action: April 19, 2022

ISSUE AT-A-GLANCE

The U.S. Housing and Urban Development (HUD) Department's annual grant programs are one of the most significant ongoing funding sources the City receives from the Federal Government. Fiscal Year 2023 is subject to the 2020-2024 Consolidated Plan which introduced new funding goals, strategies, and a targeted area for spending CDBG dollars on public infrastructure and economic development. See the additional info section for the goals and strategies applications must advance to qualify for these grant funds and Attachment 3 for a map of the target area. The Council is scheduled to hold a hybrid public hearing on Tuesday, March 22 to hear from the public and grant applicants regarding community needs for the 2022-2023 funding cycle.

As seen in most years, the requested funding from applicants is significantly greater than available funds. Requests are 162% of available funding: \$11,389,939 is requested compared to \$7,028,013 in available funding. HUD has not provided Salt Lake City's final grant award amounts. The available funding could change based on HUD's pending confirmation of the amounts. The resident advisory boards provided recommendations in case funding is more or less than estimated. The board's recommendations are shown on the Funding Log at the end of each grant and a summary table in the additional info section below. The table below summarizes requested and available funding by grant. Note that the HOPWA grant has more funding available than requested. HOPWA grant awards to the City have more than doubled in the last seven years. Funding awards for the other three grants have not seen similar increases.

Grant	Request	Available	Requests as % of Funding Available
CDBG	\$ 7,006,237	\$ 4,670,517	150%
ESG	\$ 1,275,827	\$ 326,267	391%
HOME	\$ 2,303,485	\$ 1,121,103	205%
HOPWA	\$ 804,390	\$ 910,126	88%
TOTAL	\$ 11,389,939	\$ 7,028,013	162%

Goal of the briefing: Discuss the Council's federal grant priorities, ask questions about specific applications and allocate funding across eligible programs and projects.



Minimum Funding Level

Five years ago, the City established a minimum funding level for grant awards. HUD recommends a \$35,000 minimum award for projects. Housing and Neighborhood Development (HAND) recommends \$30,000 after consultations with applicants. The minimum award is aimed at maximizing community benefits from grant awards. The intent of this policy is to balance the burden for the Administration and recipient organizations to manage grant funds with the goal of having positive impacts in the community. This year, no applications were disqualified for requesting less than the minimum funding requirement.

Scoring Applications and Funding Recommendations

CDBG and ESG projects receive scores and funding recommendations from the CDCIP Board. HOME and HOPWA projects receive funding recommendations from the Housing Trust Fund (HTF) Advisory Board. The advisory board funding recommendations are provided to the Mayor and City Council. The Council receives another set of funding recommendations from the Mayor. The final decision is made by the Council for grant award amounts. Attachment 1 shows projects ranked by the combined score within each grant category.

Attachment 2 is the funding log for all four federal grants which has more details than Attachment 1 such as project and program descriptions and prior year award amounts for returning applications. The funding log combines advisory board and Administration scores as shown in the far-right column where maximum potential scores are also shown.

Funding Log Trends

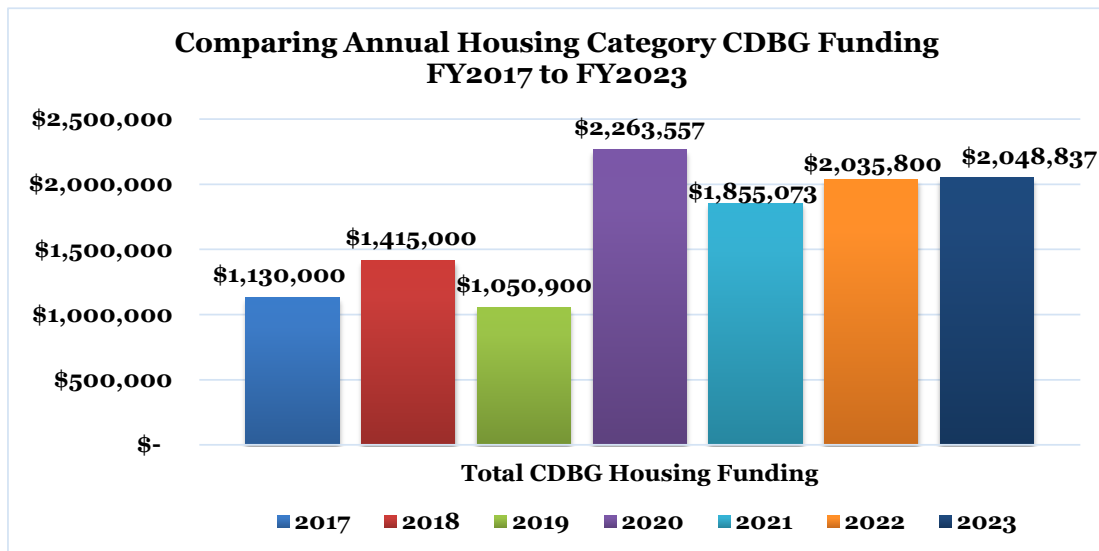
Council staff noticed the following trends after reviewing the funding logs:

- Identical Recommendations – The advisory board and mayoral funding recommendations are identical for all four grants
- New Applications – This year there are 14 new applications for CDBG, five for ESG, two for HOME and no new applications for HOPWA. New applications with funding recommendations are:
 - CDBG Housing #2 First Step House Recovery Residence Rehabilitation
 - CDBG Housing #3 International Center for Appropriate and Sustainable Technology (ICAST) Decarbonizing Supportive Housing
 - CDBG Housing #6 Neighborworks of Salt Lake Home Rehabilitation and Improvement
 - CDBG Neighborhood Improvements #1 City Transportation Division Ballpark TRAX Accessible Pedestrian Crossing
 - CDBG Public Services #2 Catholic Community Services Case Manager at Weigand Homeless Resource Center
 - CDBG Public Services #17 The Children’s Center Therapeutic Preschool Program
 - CDBG Public Services #20 The Road Home Housing Staffing
 - ESG Part 1 #2 Family Promise Salt Lake Community Family Shelter
 - ESG Part 2 #4 The Road Home Homelessness Prevention
 - HOME #4 South Valley Sanctuary Domestic Violence Survivor Housing Assistance
- Disqualified Applications – No applications were disqualified across the four grants this year
- Returning Applications without Funding Recommendations – There are seven returning applications that received grant awards in recent years but did not receive funding recommendations this year:
 - CDBG Public Services #3 Community Development Corporation Housing Counseling
 - CDBG Public Services #18 The Inn Between End of Life Care and Medical Respite
 - CDBG Public Services #19 The Road Home Gail Miller Resource Center
 - CDBG Public Services #25 YWCA Utah Women in Jeopardy Program
 - ESG Part 1 #1 Catholic Community Services Weigand Homeless Resource Center Client Intake and Operations
 - ESG Part 1 #7 The Road Home Gail Miller Resource Center
 - ESG Part 2 #1 Utah Community Action Diversion Program

Increasing CDBG Housing Category Funding

The chart below compares the annual funding in the housing category of CDBG over seven fiscal years. The Council identified affordable housing as a priority several years ago. The chart shows that a greater amount of CDBG funding has gone to housing in recent years. It's important to note that the Council's policy guidance is aligned with increasing CDBG housing funding.

The funding over seven fiscal years is \$11,799,167 in total assuming the FY2023 recommended amounts are approved by the Council. The funding has gone to several housing assistance programs during this time and some applications have been included every year. Examples of how this funding was used are first time homebuyer assistance, rehabilitation of existing housing, emergency home repairs (large and small), and accessibility improvements.



Note: FY2023 is funding recommended by the advisory board and Mayor

POLICY QUESTIONS

- Differences between Application Scores and Funding Recommendations** – The Council may wish to ask the Administration why the four applications list below with relatively high scores are not recommended for funding. The Council may also wish to ask why ESG Part 1 #2 is recommended for funding while the score is the third lowest in the category.
 - CDBG Public Services The Road Home applications #19 Gail Miller Resource Center and #22 St. Vincent de Paul Overflow
 - CDBG Public Services #23 Utah AIDS Foundation Clinical Mental Health (note the applicant also submitted HOPWA #3 for the same program which is recommended for double funding)
 - ESG Part 1 #7 The Road Home Gail Miller Resource Center (note this is the highest scoring ESG application this year)
- HAND's HOME Development Fund (HOME #3)** – The Council may wish to discuss with the Administration how the HOME Development Fund fits into the Council's policy goal of the RDA having a "one-stop shop" for affordable housing developers. The HOME Development Fund can be used for property acquisition, new construction, and rehabilitation of existing housing. The Council may also wish to discuss how the HOME Development Fund could better align with the Council's policy goal and potential changes for the FY2023 funding cycle.
- Multiple Funding Sources for Ballpark Redevelopment** – The Council may wish to discuss with the Administration the City's overall strategy for funding redevelopment of the Ballpark and surrounding area. Multiple funding requests have been or are planned to be presented to the Council for this effort. The total funding of the five requested listed below is \$5,781,183. The Administration is currently evaluating public input on the draft Ballpark Station Area Plan and it will be presented to the Planning Commission. The City Council would ultimately review and adopt the plan.

- \$100,000 RDA Budget Amendment #2 charges and services for consultant work on Ballpark redevelopment efforts
 - \$500,000 pending FY2023 Capital Improvement Program (CIP) application for Ballpark Station Area Plan Implementation Phase 1 could include technical analyses, public engagement, designs, pedestrian and bicycle connections / crossings, lane redesign of 1300 South, improved alleyways and parking management efforts
 - \$550,000 CDBG Neighborhood Improvements #1 City Transportation Division Ballpark TRAX Accessible Pedestrian Crossing
 - \$1,631,183 RDA Budget Amendment #2 State Street project area Ballpark strategic development holding account
 - \$3 million for improvements to the Ballpark stadium and facilities in capital improvements bond (note the Administration is reviewing the projects in the bond and may forward a new proposal for FY2023)
4. **Encouraging Behavioral Health and Mental Health Applications** – The Council may wish to ask the Administration how more organizations can be encouraged to and assisted with submitting applications for the new behavioral health goal. This was a new goal under the 2020-2024 Consolidated Plan that focuses on providing treatment and support for persons experiencing mental health challenges and substance abuse particularly the ongoing opioid crisis. Four behavioral health applications were submitted this year:
- CDBG Public Services #6 First Step House Peer Support Services which is recommended for partial funding
 - CDBG Public Services Odyssey House applications #9 Residential Treatment Transportation and #10 Transitional Living Program which are not recommended for funding, and
 - HOPWA #3 Utah AIDS Foundation Mental Health Services which is recommended for double funding
5. **Fix the Bricks and HAND’s Housing Rehabilitation and Homebuyer Program** (CDBG Housing #4) – The Council may wish to ask the Administration if these funds could provide some or all the 25% match for homeowners to participate in the City’s Fix the Bricks seismic improvements program. It was recently transferred from the Fire Department to HAND. Reviews of applications and completed projects indicate less participation for low- and moderate-income homeowners including on the Westside.

ADDITIONAL & BACKGROUND INFORMATION

Funding Contingencies

The advisory boards provided recommendations in case final grant funding amounts from HUD or more or less than the estimated amounts. These funding contingencies are summarized in the table below. The Council may wish to identify which funding contingencies are supported in the event HUD’s confirmation of final funding amounts isn’t available by the scheduled vote on April 19.

Grant	If MORE Funding Available	If LESS Funding Available
CDBG	Maximize Administration category at 20% and add funding to #15 Shelter the Homeless Resource Center Meals up to the 15% Public Service cap then if funding remains add to Neighborhood Improvements #2 City Transportation Bus Stop Improvements	Keep Administration category maximized at 20% and reduce Neighborhood Improvements #2 City Transportation Bus Stop Improvements and Public Services #1 Advantage Services Supportive Employment Program but keep Public Services category at the 15% cap
ESG	Maximize #1 Administration at 7.5% and add funding equally between #2 Family Promise Salt Lake Community Family Shelter, #3 First Step House Homeless Resource Center Program, #10 Volunteers of America (VOA) Women’s Resource Center, and #11 VOA Youth Resource Center	Keep #1 Administration maximized at 7.5% and spread reductions across agencies but maintain \$30,000 minimum award
HOME	Maximize #7 Administration at 10% and add funding to # HOME Development Fund	Keep #7 Administration maximized at 10% and reduce #3 HOME Development Fund
HOPWA	Maximize #5 Administration at 3% and add funding to #4 Utah Community Action Housing Supportive Services up to \$235,000, then any remaining funds to #1 Housing Connect Tenant Based Rental Assistance	Keep #5 Administration maximized at 3% and reduce #4 Utah Community Action down to \$165,000

2020-2024 Consolidated Plan Goals and Strategies

The City must report progress to HUD on how funding awards advance the 2020-2024 Consolidated Plan goals. In past years, some applicants that received funding were not aligned with the five-year plan. As a result, the services provided by those organizations could not be reported to HUD. If a city does not adequately fund applications advancing the five-year plan then HUD could view the program as underperforming, lower future grant award amounts, and/or audit the city's program. The below table summarizes the goals and strategies of the current consolidated plan.

Goals	Strategies
Housing: Provide expanded housing options for all economic and demographic segments of Salt Lake City's population while diversifying housing stock within neighborhoods	<ol style="list-style-type: none"> 1. Support housing programs that address the needs of aging housing stock through targeted rehabilitation efforts and diversifying the housing stock within the neighborhoods 2. Support affordable housing development that increases the number and types of units available for qualified residents 3. Support programs that provide access to home ownership 4. Support rent assistance programs to emphasize stable housing as a primary strategy to prevent and/or end homelessness 5. Support programs that provide connection to permanent housing upon exiting behavioral health programs 6. Provide housing and essential supportive services to persons with HIV/AIDS
Transportation: Promote accessibility and affordability of multimodal transportation options	<ol style="list-style-type: none"> 1. Within eligible target areas, improve bus stop amenities as a way to encourage the accessibility of public transit and enhance the experience of public transit 2. Within eligible target areas, expand and support the installation of bike racks, stations, and amenities as a way to encourage use of alternative modes of transportation 3. Support access to transportation, prioritizing very low-income and vulnerable populations
Community Resiliency: Provide tools to increase economic and/or housing stability	<ol style="list-style-type: none"> 1. Support job training and vocational rehabilitation programs that increase economic mobility 2. Improve visual and physical appearance of deteriorating commercial buildings - limited to CDBG Target Area 3. Provide economic development support for microenterprise businesses 4. Direct financial assistance to for-profit businesses 5. Expand access to early childhood education to set the stage for academic achievement, social development, and change the cycle of poverty 6. Promote digital inclusion through access to digital communication technologies and the internet 7. Provide support for programs that reduce food insecurity for vulnerable population
Homeless Services: Expand access to supportive programs that help ensure homelessness is rare, brief and non-reoccurring	<ol style="list-style-type: none"> 1. Expand support for medical and dental care options for those experiencing homelessness 2. Provide support for homeless services including Homeless Resource Center Operations and Emergency Overflow Operations

Goals	Strategies
	<ol style="list-style-type: none"> 3. Provide support for programs undertaking outreach services to address the needs of those living an unsheltered life 4. Expand case management support as a way to connect those experiencing homelessness with permanent housing and supportive services
Behavioral Health: Provide support for low income and vulnerable populations experiencing behavioral health concerns such as substance abuse disorders and mental health challenges	<ol style="list-style-type: none"> 1. Expand treatment options, counseling support, and case management for those experiencing behavioral health crisis

CDBG Public Infrastructure and Economic Development Target Area in 2020-2024 Consolidated Plan (Attachment 3)

The target area creates geographic boundaries for spending CDBG funding on economic development and public infrastructure improvements. These applications are included in the CDBG Neighborhood Improvements category on the funding log. Examples of these project types includes business façade improvement grants, public transit improvements and creation of ADA ramps. The geographic target areas do not apply to housing or public services category applications. Focusing federal grants in these target areas is intended to maximize community impact and stimulate investments from other entities into the neighborhoods. The Council chose the current boundaries to align with Census tracts with relatively higher concentrations of poverty and to overlap with three RDA project areas: North Temple, 9-Line and State Street.

Summary of Available Funding by Grant

The table below shows funding sources by grant. Note that only the HOME grant program sees some funds returned as program income from loans. When prior year grant awards are recaptured, it means the program or project was unable to use the funding as intended which happens for various reasons.

Grant	Source	Amount
Community Development Block Grant (CDBG)	HUD Award	\$ 3,570,517
	Recaptured Funding	\$ 1,100,000
Emergency Solutions Grant (ESG)	HUD Award	\$ 299,267
	Recaptured Funding	\$ 27,000
HOME Investment Partnership	HUD Award	\$974,863
	Recaptured Funding	\$ 146,240
	Program Income	\$ 0
Housing Opportunities for Persons With AIDS (HOPWA)	HUD Award	\$840,196
	Recaptured Funding	\$ 69,930

Community Development and Block Grant (CDBG)

Total CDBG Funding Requests: \$7,006,237 (150% of available)

Total Available for Allocation: \$4,670,517

CDBG funds focus on community development with an emphasis on physical improvements. The Community Development & Capital Improvement Programs Advisory Board (CDCIP) submits funding recommendations for this grant. CDBG funds are allocated to organizations in four categories:

- City Administration (limited to 20% of the annual grant award)
- Housing

- Neighborhood Improvements: transportation and economic development infrastructure
- Public Services (limited to 15% of the annual grant award)

Public Services

This category is directed to services for individuals in need and not necessarily to physical improvements. This is typically the most competitive category. Funding is awarded to non-profits and governmental entities that provide programming to meet the 2020-2024 Consolidated Plan's goals. This category is limited to 15% of the annual CDBG award. The Mayor has recommended funding requests that add up to the 15% maximum. If the Council would like to allocate money to any application beyond the Mayor's recommended funding in this category, then those funds must be shifted from another public services application.

Emergency Solutions Grant (ESG)

Total ESG Funding Requests: \$1,275,827 (391% of available)

Total Available for Allocation: \$326,267

ESG funds focus on preventing homelessness and providing services to persons experiencing homelessness. The Community Development & Capital Improvement Programs Advisory Board (CDCIP) submits funding recommendations for this grant. ESG funds are allocated to organizations providing services in two categories:

- Street Outreach and Emergency Shelter (Part 1)
- Homelessness Prevention, Rapid Re-Housing, Homeless Management Information Systems (HMIS) (Part 2)

HOME Investment Partnership

Total HOME Funding Requests: \$2,303,485 (205% of available)

Total Available for Allocation: \$1,121,103

HOME Investment Partnership focuses on expanding the supply of quality affordable housing for moderate- and low-income residents. The Housing Trust Fund (HTF) Advisory Board submits funding recommendations for this grant.

This year every applicant received full or partial funding for their request.

Housing Opportunities for Persons With AIDS (HOPWA)

Total HOPWA Funding Requests: \$804,390 (88% of available)

Total Available for Allocation: \$910,126

HOPWA is the only federal program dedicated entirely to the housing needs of people living with HIV/AIDS. The Housing Trust Fund (HTFAB) Advisory Board submits funding recommendations for this grant.

ATTACHMENTS

1. FY 2021-22 Grant Recommendations by Combined Score
2. FY 2021-22 Funding Log
3. CDBG Public Infrastructure and Economic Development Target Area Map for 2020-2024 Consolidated Plan

ACRONYMS

AMI – Area Median Income

CDBG – Community Development Block Grant

CDCIP – Community Development and Capital Improvement Programs Advisory Board

CIP – Capital Improvement Program

ESG – Emergency Solutions Grant

FY – Fiscal Year

HAND – Housing and Neighborhood Development

HOME – HOME Investment Partnership

HOPWA – Housing Opportunities for Persons With AIDS

HTFAB – Housing Trust Fund Advisory Board

HUD – Housing and Urban Development

VOA – Volunteers of America

YWCA – Young Women's Christian Association