



## Legislation Text

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### **Future CDBG and HOME Allocation Process (B)**

Over the past few months, the Citizens Advisory Committee for Community Development (CACCD) has discussed using a modified request for proposals process with a more focused approach to allocating CDBG and HOME funds to outside agencies in the future. The CACCD supports using a focused allocation process and has identified five funding priorities.

In September 2005, staff proposed that we begin focusing the City's CDBG and HOME competitive allocations on priorities that are established in advance by the City. While there is a wide range of projects and programs that are eligible for funding under CDBG and HOME, and the City has certainly funded many different kinds of projects over the years, staff believes there is sufficient interest in beginning a new approach to the City's allocation process. This is especially important as the amount of funding that the City can realistically make available to non-profit outside agencies becomes smaller each year, and HUD begins to emphasize performance and outcomes in the CDBG and HOME Programs.

The positive response that we had during the most recent CDBG and HOME allocation process in specifying that housing proposals be designed to promote the dispersal of affordable housing demonstrates that agencies will respond favorably to an RFP (request for proposal) approach. Therefore, staff is proposing that next year's (FY 2006-07) competitive allocation process for CDBG and HOME be handled in a modified RFP fashion. Certainly, CDBG and HOME basic income and other eligibility criteria are a must, and maximum leverage of other funding would continue to be a high priority. Beyond that, the City would specify in an RFP those kinds of projects or programs that it would consider for funding. Based on recent discussions with staff and the Citizens Advisory Committee for Community Development (CACCD), the recommended priorities for CDBG and HOME funding would be those projects or programs that address one or more of the following areas of need:

- Housing
- Homeless assistance
- Recreation programs, provided they supplement the City's own recreation programs
- Job Training/Employment Opportunities
- Nutritional support

Recognizing that this new approach may have an adverse effect on some organizations that have been receiving CDBG or HOME funds for a number of years, staff is proposing to phase in the RFP process over the next two years. Specifically, we propose that an agency that is currently CDBG- or HOME-funded but does not have a program that addresses one of the City's RFP priorities may be funded at 50 percent of its FY 2005-06 allocation in the first year and 25 percent of its FY 2005-06 allocation the next year. The following year, they might not receive any funding from the City. Of course, all funding is contingent upon CDBG and HOME funding being available to the City, success of the agencies in the competitive application process, satisfactory program performance, program eligibility, and being able to meet other CDBG and HOME Program requirements.

The level of CDBG and HOME funding that may be available to outside agencies in FY 2006-07 has not yet been determined due to HUD's budget not being finalized. In the City's current fiscal year budget, approximately \$322,000 in CDBG funds and approximately \$327,000 in HOME funds were allocated to outside agencies on a competitive basis.

**Recommended Motion:** The City Commission approve the use of a modified request for proposals process for allocating CDBG and HOME funds to outside agencies beginning with the FY 2006-07 application cycle, and accept the funding priorities recommended by the CACCD.

**Alternative Recommendation A:** Defer implementation of a modified request for proposals allocation process and continue using the current open-ended application process to allocate CDBG and HOME funds to outside agencies.