

**Requested operating department expenditures, revenues and operating transfers**

	<b>FY 16-17</b>	<b>FY 17-18</b>
<b>Total Operating</b> Expenditures	10,568,192	12,052,918
Grants	6,015,960	7,536,351
General Fund	4,552,232	4,516,567
<b>Total Operating</b> Revenues	5,746,718	7,841,448
<b>Total Operating</b> Transfers	46,832	77,502

**Significant changes in the requested FY2017/18 budget versus the FY 2016/17 budget**

**General Funds**

**The Community Development and Neighborhood Conservation (CDNC) budget includes related costs for employees for three (3) federal grants: The HOME Investment Partnership (HOME), Emergency Solutions Grant (ESG) and Community Development Block Grant (CDBG)**

FTEs Program Manager Retirements in **Fiscal Year (FY) 2016-17**. No retirements anticipated in FY 17-18.  
 General fund staff increased by 1 FTE (reassignment of responsibilities to new home center)  
**Pima County General Obligation (G.O.) Neighborhood Reinvestment Bond (NR bond)** project staff reduction  
 Budgeted funding for projected **Fair Labor Standards Act (FLSA)** overtime charges

Increase in base budget to offset IT port charges, benefits, raises  
 Rent reduction paid to Community Services, Employment and Training based on space utilization  
 Additional outside agencies funded during FY 16-17 carried forward with Board of Supervisor’s approval

Expenditures to Date: Year-to-date expenditures are at or below budget

## **Grant Funds**

Total requested revenue and project income of \$7,536,351 million is a combination of federal, state and private grant funds.

The **Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program**. CDNC staff manage approximately 40 projects each year, primarily in unincorporated Pima County. Staff is actively working to provide technical assistance and support to achieve program outcomes and objectives. When necessary, staff work with grant recipients to prepare recapture strategies and prevent projects from “remediation” (returning funds to **HUD**) by expediting and monitoring project timelines. Staff has initiated a plan to review and reprogram the recaptured funds. Projects that have benefited from fund recapture include: Ajo’s health and safety project to install smoke alarms; health and safety sewer project in Arivaca; increased home repair projects for low-income households throughout the County.

The **HUD Neighborhood Stabilization Program 1 (NSP1) and Neighborhood Stabilization Program 2 (NSP2)** anticipate close out of formal programs by **HUD**; some activities such as compliance monitoring will continue post-close-out.

**NSP2** continues to generate program income, which funds the required staff hours to carry out grant related activities including monitoring of sub-grantees, annual reports to HUD and monitoring of the land bank activities. Program income is generated from the **NSP2** sub-recipients for eligible program activities, which are determined through a competitive **Request for Proposal (RFP)** process.

CDNC applied for a new **HUD** Lead Grant budgeted for \$550,035; FY 17-18 through FY 19-20; three (3) staff positions for three (3) years. Focus will be on homes occupied by women with young children that test positive for lead.

The **HUD Continuum of Care Supportive Housing Program (SHP)** did not receive funding due to a shift from supporting emergency and transitional shelters to rapid rehousing programs. This is a loss of \$561,000 to community non-profits serving vulnerable homeless populations.

## Major programs and related services provided by the department

**General Funds** *General Fund and County General Obligation Bond funds (GO Bonds) will leverage \$58 million of additional federal, state and local funds.*

**Affordable Housing:** Provides important community resource through a comprehensive array of services offered by multiple housing agencies at the Pima County Housing Center. County services include: homeownership assistance to low-income households; 36 Homebuyer Education classes (**HUD** certified); federal down-payment assistance for low-income homebuyers; Affordable Housing Waivers (Roadway Impact Fee Waivers) for eligible low-income residential property owners; foreclosure prevention counseling and assistance; workshops for consumers include housing opportunities, building credit and budgeting; coordinating federal Fair Housing and homebuyer initiatives.

For FY 2017-18, a total of \$1,549,989 million in **AH Bond** funds allocated to four (4) projects will leverage up to \$28,383,653 million in federal, state and local fund. The 2017-18 Annual Plan includes an allocation of \$50,000 in federal funds for a pilot **Tenant Based Rental Assistance program (TBRA)** for working poor who are not eligible for other subsidies, \$364,000 in federal funds for renovation and/or construction of affordable rental housing for low-income, and \$125,000 in homeownership assistance.

**Outside Agencies (OA):** Provides funding to non-profits, which deliver essential services considered beneficial for Pima County residents. The Program administers grants to local nonprofits in service categories including emergency food and clothing; low income and disabled elderly; case management and domestic violence programs; family support services. The **OA** funding leverages \$9,663,492 million from federal, state and local sources. For FY 2017-18 there are 52 agencies providing 91 programs that requested **OA** funds through a competitive RFP process. A Citizen's Committee, appointed by the Board of Supervisors, reviews all proposals and makes funding recommendations to the Board. These funds add to the County's economic development by supporting 181 paid staff positions.

**Neighborhood Reinvestment:** The Board of Supervisors approved \$1,554.893 million in **G.O. Bonds** for funding ten (10) projects on April 5, 2016. The Affordable Housing staff are responsible for executing these ten contracts, including project management, contract monitoring and conducting performance reviews. The FY 2017-18 budget has all ten projects completed within FY 17-18.

**Administration:** Provide oversight and ensure contract compliance and fiscal accountability for all aspects of the department. Goals include: increase public participation through information, knowledge and access to programs and services; review and

adopt best practices to ensure effectiveness of services; increase transparency and accountability; maximize resources through collaborations with county departments; seek opportunities for new grants and to leverage funds.

**Grant Funds** *16 grant funded programs in the amount of \$7.5 million will leverage \$28 million of additional federal, state and local funds*

**Community Development Block Grant (CDBG):** Conduct extensive community planning to determine priority needs, activities, programs and projects. CDBG funds will leverage approximately \$1.8 million for a 1.5 match through an annual competitive RFP process.

**Special Population Programs: The Emergency Solutions Grant (ESG) and Housing Opportunities for People with AIDS (HOPWA)** Provide housing and supportive services to the homeless and special populations. Combined grants total leverage \$15,266,303 million in federal, state and local funds. The three-year grant starts July 1, 2017 coinciding with the County fiscal year.

**The Environmental Protection Agency (EPA) Brownfields Program:** CDNC staff is responsible for the application; coordination and management of grant funds, demolition and clearance; and redevelopment initiatives that provide resources to environmentally site assess, safely clean up, and sustainably reuse environmentally stigmatized areas.

**Home Repair and Weatherization:** Combined federal, state and local grants total \$1.4 million. Together with our non-profit partners, over 300 owner-occupied homes for eligible elderly/disabled/low income clients will receive home repairs, accessibility treatments, and/or energy efficient upgrades improving the overall housing stock in Pima County

**HOME:** Program funds target eligible activities including housing development, down-payment assistance for low-income applicants, and rehabilitation of residential units. It is anticipated that the FY 2017-18 HOME funds will be flat. County staff monitors HOME projects for a period of 20 years, with homeownership projects managed up to 15 year. HOME funds of \$1.3 million will leverage more than \$10 million in other federal, state and local funds for FY 2017-18 projects

**Neighborhood Stabilization 1 and 2:** All original grant funds are fully expended and have met the HUD deadline and program requirements. Program income continues to be generated and must be used for additional eligible NSP1/NSP2 activities, program monitoring and planning through formal executed contracts.

**Federal Emergency Management Agency (FEMA) Emergency Food and Shelter Program:** Staff coordinates the local community **FEMA** board and application process for approximately \$434,000 in grant funds made available to an average of 12 – 15 community agencies through a competitive RFP process. County staff coordinates the process and monitor agencies to ensure program operations and eligibility of activities and clients. Pima County does not execute the contracts with the agencies.

### **Major costs of providing programs and related services by the department**

The General Fund absorbs part of employee related costs for grant programs, as grant administration does not generally fund all costs related to these positions.

CNDC utilizes consultants for specific planning activities, analysis of data, technical assistance and developing complex reports and the ability to respond in a timely manner to grant opportunities that help to supplement the General Fund programs. This cost-saving measure allows CDNC to utilize professionals with specific skills for short-term projects instead of hiring full time employees.

### **Major departmental budget issues the department is facing in FY 2017/18**

- Staff** Responsibilities for ongoing programmatic requirements including monitoring and reporting.  
Housing staff will assume **NR bond** program responsibilities.  
Community Development staff will assume **NSPII** responsibilities.  
The **CDBG Home Repair Program** anticipate increasing staff to help meet demand for services.
- Programs** Federal grants budgeted for a 5% reduction. Staff continues to monitoring federal funding issues through two (2) organizations, the **National Association of Counties (NACo)** and the **National Association of Counties Community and Economic Development (NACCED)**.  
There are complexities with State and local weatherization funds with overlaying regulations.  
Expected cuts in weatherization funds from the State.

Focus attention on those grant funded programs that are underperforming or are at risk; developing a remediation plan; recapturing and reallocating funds in order to avoid **HUD** reductions.

**CDBG** re-defined “target areas” will continue to require complex processes with communities, data analysis, surveys, and a possible challenge to **HUD** in order to have areas reconsidered for “area benefit”.

**NSP1** and **NSP 2** formal close out by **HUD** anticipated in mid FY 2017-18. Program activities, including the land bank disposition will continue and will require ongoing staff involvement.

### **Discussion of any requests for supplemental funding over and above the base budget amount**

None requested

### **Discussion of issues related to FY 2017/18 budgets including Main Operating Budget, Special Program Budgets, Grants Program Budgets, Capital Improvement Program Budgets and Internal Service Budgets.**

**Affordable Housing:** Housing staff will manage the **HOME** programs, close out the **NSP1** program, five (5) new **Affordable Housing GO Bond (AH Bonds)** projects approximating \$2 million dollars and leverage \$29 million dollars.

There is a high value placed upon the public services at the Housing Center, (foreclosure assistance, homebuyer education, budgeting, and credit repair) but grant funds are not available to support these services. Housing staff have documented an increased demand for individuals applying for **HUD Section 8** and Public Housing. The Housing Center has more than 2,500 visitors each year for meetings, workshops and community events. Housing staff must continue to monitor bond-funded projects for 30 years and **HOME** funded projects for a minimum of 20 years.

**Neighborhood Reinvestment Bond Projects (NR Bonds):** The program will complete the ten remaining projects that were approval by the Board of Supervisors, encumbering all remaining bond funds. Staff will work to complete the ten (10) remaining bond projects within FY 17-18 and assume an active role in working with other jurisdictions to monitor projects for

repairs and maintenance for these County investments. The bond funding require that the County monitor **NR Bond** projects for 25 years.

**Housing Rehabilitation:** The housing rehabilitation program currently has 200 households on the waiting list. The requested budget adds an additional home repair specialist in order to move through the waiting list more efficiently. Low-income County homeowners throughout Pima County are eligible to apply for home repairs, except those living within the City of Tucson, which receives its own **CDBG fund**. The County program provides new roofs, mechanical system replacements, plumbing, weatherization services, septic tank replacement and structural repairs and modification. The goal is to improve the safety and quality of life for the resident.

**Grant Funds:** Grants do not necessarily pay for all required administrative responsibilities, such as the annual audit, resulting in cost shifts to the administration budget. Planning, administration and reporting requirements for the federal funds are creating an increased demand for professional services related to GIS and data analysis. The utilization of outside professional services allows CDNC to meet those demands without incurring the cost of full-time staff.

The demand for funds from federal programs was demonstrated through the FY 2017-18 **CDBG** RFP process with more than \$7 million in requests for \$2.5 million in available funds. The CDNC Department will continue to aggressively explore programs and partnerships that examine new ways to be responsive to emerging community needs, including the **HUD** Healthy Communities Initiative, Pima Prospers, Pay for Success, and national anti-poverty strategies.

**Department Reports:** Each year CDNC provides an **Annual Action Plan (Annual Plan)**, which is inclusive of all CDNC programs, to the Board of Supervisors for approval prior to forwarding the plan to **HUD**, which generally occurs in May. In October, a **Consolidated Annual Performance Review Evaluation Report (CAPER)** is provided to the Board of Supervisors to document the use of funding sources and the impact of those services within the County. The **Annual Plan** and **CAPER** demonstrate the leverage from the County General Fund programs for the federally funded programs, as well as all other costs to carry out programs and projects contributed from non-County sources. The total combined leverage generated from general fund and grants is projected to exceed \$70 million in FY 2017-18. This demonstrates the strength of the non-profit community in Pima County, both as employers and in economic development.