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TO: City Planning Commission

FROM: Christopher Gulock, Staff

RE: **Overview of the Community Development Block Grant/Neighborhood Opportunity Fund Public Service (PS) and Public Facility Rehabilitation (PFR) recommendations for 2022-23**

DATE: February 16, 2022

This report provides an overview of the 2022-23 Community Development Block Grant (CDBG)/Neighborhood Opportunity Fund (NOF) program.

The Housing and Revitalization Department (HRD) is the City's lead department in administering the CDBG/NOF program. The three primary objectives of CDBG funding are to: 1) Provide services to low- to moderate-income individuals, 2) Eliminate slums and blight, and 3) Address urgent need. The NOF is a sub category of CDBG created by Detroit with currently three primary categories: Public Service (PS) programs which serve low- to moderate-income individuals, Public Facility Rehabilitation (PFR) which rehabilitates buildings owned by non-profit organizations who carryout CDBG eligible programs, and Homeless Public Service (HPS) which funds programs serving homeless persons or preventing homelessness.

Similar to the last two years, this review does not include HPS, given the HRD's efforts to align the HPS award timeline with that of the Emergency Solutions Grants (ESG) program. For the past decade, the City of Detroit has utilized HPS funds as a match for the ESG program in order to ease the financial burden on the subrecipients and to leverage the Federal funds awarded by the U.S. Department of Housing and Urban Development (HUD). Similar to last year, HRD plans to release an RFP for HPS in the Spring/Summer 2022.

HRD and the Mayor's office have completed their review for the 2022-23 program year and are forwarding their PS and PFR recommendations to the Commission for your consideration and recommendation to City Council. Along with this report are two charts summarizing the PS and PFR applicants, project descriptions, and recommended funding amounts.

CDBG PAST AND PROJECTED FUNDING AMOUNTS

CDBG is an annual entitlement grant given to eligible cities across the United States based on a need based formula. The 2022-23 City of Detroit CDBG allocation from HUD has not yet been released, and as a result, the City needs to project anticipated funding. The following table shows the amount of the Detroit CDBG allocation for the past eleven years, which includes slight increases for the past

three years. HRD does not expect the allocation for 2022-23 to decrease or significantly increase.

Year	Detroit CDBG Allocation	Change From Previous Year
2022-23	not yet released	
2021-22	\$35,529,517	increase \$247,158 (+.7%)
2020-21	\$35,282,359	increase \$766,026 (+ 2.2%)
2019-20	\$34,516,333	increase \$136,920 (+.4%)
2018-19	\$34,379,413	increase \$3,087,522 (+9.9%)
2017-18	\$31,291,891	decrease \$80,494 (-.3%)
2016-17	\$31,372,385	decrease \$157,663 (-.5%)
2015-16	\$31,530,048	decrease \$579,123 (-1.8%)
2014-15	\$32,109,171	decrease \$767,914 (-2.3%)
2013-14	\$32,877,085	decrease \$476,424 (-1.4%)
2012-13	\$33,353,509	

Public Service 15% Cap

Federal regulations require that no more than 15% of the entitlement funds (plus program income) be allocated toward PS and HPS funding. For 2022-23, the Administration is allocating \$2,531,478 for PS.

PROPOSAL THRESHOLD CRITERIA AND FUNDING PRIORITIES

Back in 1994, City Council first approved eligibility criteria for both NOF/CDBG funded proposals. Since then, City Council has relied increasingly on the criteria to determine eligibility of the proposals. In July of 2007, partly in response to concerns of HUD, the City Council adopted Joint Threshold Criteria to be utilized by both the legislative and executive branches of government. The current joint threshold criteria listed in the proposal are as follows:

1. Must meet HUD National Objective;
2. Group must attend a CDBG/NOF RFP workshop;
3. Proposal must be complete, submitted by the deadline and on correct form;
4. Must have at least five (5) member board and meets at least bi-annually;
5. Must have 501(c)3 status prior to applying for proposal;
6. Must have at least two years of operation and proof of operations;
7. Must not have unresolved government audit and monitoring problems (i.e. tax, legal, etc.);
8. Must submit most recent fiscal year cash flow statement, financial statement and if available, recent audit or 990 within the past two years;
9. Must read and signed certification forms;
10. Must submit current Non-profit Corporation Information Update (Michigan Annual Non-Profit Report);
11. Must submit Certificate or Article of Incorporation;
12. Applicant's organization must provide proof of operating cash on hand (at least 7% of the request); and
13. Submit Certificate of Good Standing.

For the past several years, the NOF PS proposal has listed priorities based on feedback from the legislative and executive branches, which include education, health, public safety, recreation (youth), and seniors. For the past several years, City Council has prioritized PS categories as listed below (however, it should be noted that majority of requests are for education, then seniors, then recreation, then health, and then public safety).

1. Public safety,
2. Seniors,

3. Education,
4. Recreation, and
5. Health

APPLICATION TIMELINE

The timeline for the 2022-23 CDBG/NOF submittal and review was similar to previous years.

On July 28, 2021 HRD held a virtual CDBG/NOF Best Practices Webinar for PS and PFR. The webinar serves as a review of the CDBG/NOF application and is intended for organizations that applied during the previous application cycle as well as organizations considering applying.

HRD hosted two virtual proposal writing workshops. The first workshop was held on August 26, 2021, and the second workshop was held on September 15, 2021. RFP workshops were also recorded and posted on the HRD website, as well as the City's YouTube page.

The PS application was made available online via the City's Oracle system starting August 30, 2021 and due by October 1, 2021. The PFR proposals went live on October 4, 2021 and were due by November 5, 2021.

APPLICATION REVIEW

PS Review

As noted earlier in this report, PS has five sub-categories: education, health, public safety, recreation and seniors. The total number of applications received this year for PS was 43 compared to 50 received the previous year 2021-22.

HRD screened the proposals and determined that six of the proposals did not meet threshold requirements listed in the application. A summary of the six proposals that did not meet threshold are listed on the attached chart.

HRD worked in cooperation with CPC staff, the Office of Development and Grants (ODG) and the Office of Contracting and Procurement (OCP) in reviewing the submitted CDBG/NOF applications. During the months of October through January, CPC staff met with staff from HRD, ODG, and OCP to conduct a joint review and scoring of each proposal. Each proposal was scored separately ranging from 0 to 100 points using a scoring criteria grid; then the staff met to discuss each proposal and develop a single consensus proposal ranking. It was agreed amongst staff that proposals scoring less than 80 points would not be recommended for funding due to a low score. Two groups within Recreation were not recommended for funding due to a low score.

Afterwards, HRD reviewed the number of proposals, final consensus data, and anticipated entitlement amounts, in order to determine HRD recommended funding amounts. The Mayor reviewed the HRD recommendations and did not make any changes.

The following summarizes the PS recommendations:

- 43 proposals received
- 35 recommended for funding
- 8 not recommend for funding
 - 6 did not meet threshold
 - 2 had a low score
- For Public Safety – 2 submitted, 1 recommended for funding, and 1 did not meet threshold

- For Senior – 8 submitted and 8 recommended for funding
- For Education – 22 submitted, 18 recommended, and 4 did not meet threshold
- For Recreation – 7 submitted, 5 recommended, and 2 not recommend due to low score
- For Health – 4 submitted, 3 recommended, and 1 did not meet threshold

PFR Review

Due to the impacts of COVID-19 on individuals suffering from chronic homelessness, PFR was not part of last year's 2021-22 NOF review. The RFP was released later in the year and geared specifically to organizations providing emergency shelter to homeless individuals.

For 2022-23, the PFR proposal was again released as part of the NOF review, similar to the PS proposals. HRD received twenty PFR applications requesting more than \$19 million in requests. Similar to PS, each proposal was scored separately ranging from 0 to 100 points using a scoring criteria grid; then City staff met to discuss each proposal and develop a single consensus proposal ranking. HUD in the past has advised the City to make a bigger impact with PFR funds by giving larger grants in order to help complete projects – rather than giving a smaller amount to several groups. For 2022-23, the Administration is allocating \$2,000,000 for PFR.

As a result, HRD and the Mayor are recommending the following as shown on the PFR chart:

- 20 proposals received
- 4 groups recommended for funding
- 16 groups not recommended for funding
 - 11 groups not recommended, even though scoring above 80 points, due to cost out - not enough funds available
 - 4 groups were not recommended for not meeting the threshold criteria
 - 1 group was not recommended, because activity not eligible under PFR

CPC REVIEW AND RECOMMENDATION

The Commission is being requested to consider the funding recommendations for the PS and PFR categories at your meeting of Thursday, February 17, 2022. On Monday, February 21, 2022, the City Council is scheduled to hold a public hearing on the PS and PFR recommendations and an appeals hearing. The appeals hearing is for groups recommended for zero funding. On Tuesday, March 1, 2022, City Council is scheduled to vote on the PS and PFR 2022-23 allocations.