

Memorandum To: FMCoC Board of Directors

From: H. Spees, FMCoC Director representing the City of Fresno

Subject: FMCoC ESG and HOME-ARP Consultation: Recommendation to the City of Fresno for Allocating PY 2022-2023 ESG Funding by Eligible Program Component and PY 2021-2022 HOME-ARP Funding by Community Need

Date: January 6, 2022

The City of Fresno will be releasing a Notice of Funding Availability (NOFA) on February 4, 2022 for Homeless and Homelessness Prevention services for the upcoming 2022 – 2023 funding cycle. Respondents to the NOFA will be seeking ESG funds for activities under one or more of the eligible program components. Since the exact 2022 – 2023 ESG funding award to the City of Fresno is pending announcement by U.S. Department of Housing and Urban Development (HUD), the City is asking the Fresno Madera Continuum of Care (FMCoC) to consider and recommend ESG funding allocations for program components on a percentage basis for the upcoming funding cycle. Once HUD announces the City’s 2022-2023 ESG award¹, the recommended percentages will be applied in calculating the actual dollar amounts available under each program component. Selected applicants will receive competitive award(s) for up to the maximum amount available under each program component.

Current Year Program Component Allocations

Last year, the City of Fresno, in consultation with the FMCoC, allocated 2021-2022 ESG funds to eligible program components as follows:

Street Outreach / Emergency Shelter	Homeless Prevention	Rapid Rehousing	Administration	HMIS	Total
32.5%	4.4%	52.1%	7.5%	3.5%	100.0%

Notes to the Table:

1. ESG regulations limit the combined allocation for Street Outreach and Emergency Shelter program components to an amount not to exceed 60% of the annual entitlement grant award.
2. ESG regulations limit the Administration program component funding to an amount not to exceed 7.5% of the annual entitlement grant award.

Changing Program Environment

¹ The current 2021-2022 ESG entitlement award was \$606,586.

The City recognizes the federal, state and local response to the COVID-19 pandemic has substantially impacted homeless programs and related service delivery. Homeless funding is at historically high levels. The City also recognizes the rapid expansion of funding has challenged service provider's capacity to absorb and expend the funding in accordance with timeliness requirements and adapt to HUD and State of California shifts in priorities, objectives and expected outcomes. Additionally, the housing shortage in the Fresno market continues, leaving homeless providers with varying degrees of difficulty in finding suitable vacant and available housing units meeting housing quality standards. For these reasons, the City prefers to open this year's allocation discussion with an earnest conversation on upcoming homeless funding needs in an environment that has changed greatly since this time last year.

HOME – American Recovery Plan Act (ARP):

In March 2020, President Biden signed into law the American Recovery Plan Act which allocated \$5 billion for the benefit of people who are impacted by COVID-19 and who are experiencing homelessness, at risk of homelessness, or in other vulnerable populations. Of the \$5 billion, the City is eligible for \$11,922,873 in HOME-ARP funding for PY 2021.

In order to receive these funds, the City must determine needs in the community and consult with the FMCoC to determine the best use of the funds.

After consulting with the FMCoC and the community, the City will release a NOFA on February 4, 2022 for services that are eligible consistent with the regulations outlined under HOME-ARP.

Requested FMCoC Board of Directors Discussion and Action:

At its January 2022 meeting, the City will be asking the FMCoC Board of Directors to:

- Discuss anticipated 2022-2023 homeless funding needs/gaps for ESG and HOME-ARP;
- Develop a consensus around 2022-2023 program component allocations (by percentage);
- Approve a Board recommendation to the full FMCoC membership for allocating 2022-2023 percentages; and
- Ask the FMCoC members to consider and approve the Board recommendation at its January 2022 meeting of the membership.