

CITY COUNCIL STUDY SESSION

Budget Update - Discussion and information regarding the Human Services Commission's recommendations for the 2023-2024 Human Services Fund, the 2023-2024 Behavioral Health and Housing-Related Services Housing Stability Program and the 2023 Community Development Block Grant Program

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DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

Tonight, staff seek feedback on preparing ordinances approving the Human Services Commission's recommendations for the 2023-2024 Human Services Fund, the 2023-2024 Behavioral Health and Housing-Related Services Housing Stability Program and the 2023 Community Development Block Grant Program (CDBG). Final adoption will take place as part of the adoption of the City's budget in November. This is one of three agenda items tonight regarding the 2023-2024 budget. The other two items under separate agenda memo cover are Development Services Rates and overall budget update which includes Environmental Stewardship and Diversity, Equity, and Inclusion.

RECOMMENDATION

Provide feedback on preparing ordinances approving the Human Services Commission's recommendations for the 2023-2024 Human Services Fund, 2023-2024 Behavioral Health and Housing-Related Services Housing Stability Program and 2023 CDBG Program for adoption as part of the budget adoption package, tentatively scheduled for November 21.

BACKGROUND & ANALYSIS**Background**

The City Manager transmitted his Preliminary 2023-2024 Operating Budget and the 2023-2029 Capital Investment Program (CIP) Plan on September 26. This is part of the third in a series of several discussions to review the budget prior to tentative budget adoption on November 21.

Tonight, Council will have one presentation covering three human services funding sources, the Human Services Fund, the Behavioral Health and Housing Related Services Housing Stability Program and the CDBG Program.

The Human Services Commission reviewed 134 Human Services Fund applications, 16 Behavioral Health and Housing-Related Services Housing Stability Program applications and six CDBG applications over 10 hybrid meetings to draft funding recommendations.

Human Services Fund

The base Human Services Fund budget is calculated according to a formula (base amount + inflation adjustment + population growth). In addition, other city funding sources can be added. The budget for the 2023-2024 biennium includes \$1,078,548 from Amazon's \$2 million donation to the human services fund, resulting in a budget of \$5,008,217 in 2023 and \$5,246,738 in 2024. These budgets include a true up to final inflation adjustment of \$187,086 in 2023 and \$197,121 in 2024 that was added in August (truing up to the July inflation number) after the Human Services Commission had formed their recommendations. The Human Services Commission will form recommendations for this additional funding.

The funding requests that were received totaled over \$10 million, which is more than double the available Human Services Fund budget of approximately \$5 million. Of the 134 applications reviewed, 43 were for programs not currently funded. Thirty-two of these new programs are recommended to be funded, in addition to 82 previously funded programs. A more detailed description of the Commission's review process and funding recommendations is included in the attached Transmittal Letter from the Human Services Commission Chair in Attachment A. The 2023-2024 Human Services Fund recommendations organized by goal areas are in Attachment B.

Human Services funds are awarded to local agencies providing services that address the continuum of human service needs. This continuum is divided into five community goal areas as identified in the Human Services Element of the Comprehensive Plan:

1. Food to eat and a roof overhead.
2. Supportive relationships within families, neighborhoods and communities.
3. A safe haven from all forms of violence and abuse.
4. Health care to be as physically and mentally fit as possible.
5. Education and job skills to lead an independent life.

Behavioral Health and Housing-Related Services Housing Stability Funding

At its July 5 meeting, Council approved allocating approximately 15 percent of annual revenue to the Housing Stability Program for behavioral health and housing-related services. Fifteen percent of the total revenue for 2023 and 2024 is expected to be approximately \$3.5 million. \$1,751,326 is available in 2023 and \$1,833,638 is available for 2024.

Agencies submitted a total of 16 applications, totaling just under \$2 million in requests. The Commission's 2023-2024 funding recommendations are found in Attachment C.

Applications for this ongoing program were requested under the categories of behavioral health and supportive services:

Behavioral Health Services

- Same-day mental health and substance use disorder assessments and treatment

- Medically assisted treatments for substance use disorders
- Culturally specific behavioral health services designed to meet historically underserved populations' needs
- Services co-located at facilities and/or housing properties

Housing-Related Services Co-Located at Facilities and/or Housing Properties

- Case management that helps an individual and/or family achieve housing stability
- Employment services

Agencies submitted applications for all areas other than same-day and medically assisted treatments.

Community Development Block Grant (CDBG)

The annual amount of CDBG funding received by the City is based on a formula calculated by the federal Department of Housing & Urban Development. Bellevue's exact CDBG entitlement amount for 2023 will not be known until after the 2023 federal budget has been adopted. The 2022 entitlement is used as a placeholder below for the 2023 estimated CDBG entitlement. The City's annual CDBG budget also includes loan paybacks, known as program income, from the Major Home Repair program. Finally, the available funding includes prior year unspent funds available for allocation. The estimated CDBG budget for 2023 is as follows:

2023 Estimated CDBG Entitlement:	\$ 808,000
2023 Estimated Program Income:	\$ 250,000
Prior Year Funds	\$ 275,800
Total Estimated 2023 Funds:	\$1,333,800

The Commission's 2023 CDBG funding recommendations are found in Attachment D. The CDBG Contingency Plan in Attachment E outlines how the funding will be allocated if the actual CDBG budget is higher or lower than the estimated amount.

CDBG funds may be awarded to local agencies engaging in activities that are eligible under national objectives defined in federal regulations. For the City of Bellevue, funded activities must meet the national objective to benefit low- and moderate-income persons. Such activities have included:

- Acquisition of real property
- Rehabilitation/repair of single-family homes
- Microenterprise business assistance
- Public services programs
- Planning and administration of the CDBG program

This year's recommendations include microenterprise business assistance, rehabilitation/repair of single-family homes, a public services program and planning and administration of the CDBG program.

POLICY & FISCAL IMPACTS

Policy Impact

The Human Services Commission is governed by Chapter 3.61 of the Bellevue City Code, which states that it shall review all requests for funding of human services and make recommendations to the City Council.

Fiscal Impact

The proposed 2023-2024 Human Services funding Ordinance will authorize the allocation of the Human Services Fund to local human services programs as recommended by the Human Services Commission.

The proposed Ordinance for the 2023 Community Development Block Grant funds will authorize the City Manager or his designee to accept a grant from the Department of Housing & Urban Development and to implement the funding recommendations as submitted by the Human Services Commission.

The proposed 2023-2024 Behavioral Health and Housing-Related Services Housing Stability Program Ordinance will authorize the allocation of funding collected from sales tax revenue approved by Council's Resolution No. 9826 on October 12, 2020, to local agencies as recommended by the Human Services Commission.

OPTIONS

1. Provide feedback on preparing Ordinances approving the Human Services Commission's recommendations for the 2023-2024 Human Services Fund, the 2023-2024 Behavioral Health and Housing-Related Services Housing Stability Program, and the 2023 Community Development Block Grant funds to be included in the budget adoption package in November.
2. Provide alternative direction to staff.

ATTACHMENTS

- A. Letter of Transmittal from the Human Services Commission
- B. 2023-2024 Human Services Fund Recommendations by Goal Areas
- C. 2023-2024 Behavioral Health and Housing-Related Services Housing Stability Program Funding Recommendations
- D. 2023 Community Development Block Grant (CDBG) Funding Recommendations
- E. 2023 CDBG Contingency Plan

AVAILABLE IN COUNCIL LIBRARY

N/A