

City of Olympia – Community Development Block Grant Program

Assistance for Displaced Tenants in CDBG-funded Properties

Overview: Staff recommend a *Substantial Amendment* to the current Program Year 2018 (9/1/18 – 8/31/19) CDBG Annual Action Plan to provide limited scope relocation assistance to households displaced from CDBG-assisted properties.

Property Sale Displaces Tenants: City staff recently learned that the Angelus Hotel (204 4th Avenue West in downtown Olympia) was sold to a new owner. This property has several commercial tenants on the first floor along with 29 residential units on the upper floors. The current rent structure has offered very low cost housing for years and it is anticipated that all occupants are very low income. Unfortunately, the City was also notified that the new owner plans a major renovation project that will most likely displace all 29 households. The property sale will generate nearly \$56,000 in CDBG program income from a prior year CDBG loan that funded the installation of a fire sprinkler system for the residential units only.

Homeless Prevention: In order to prevent potential homelessness, City staff recommend the creation of a limited scope Tenant Assistance program, to be operated in partnership with a local rental assistance provider and funded with the estimated \$56,000 in CDBG loan repayments.

Proposed Substantial Amendment: HUD requires a public process for any changes to an Annual Action Plan that involve one or more of the following:

- 1) New activity (not part of the original Annual Action Plan)
- 2) Change in location or address of activity
- 3) Increase in funding of more than 20% of the original project or program year budget.

This proposed change meets the first two of these criteria and so must be put out for community review through our “**CDBG Citizen Participation Plan**” with 30 days for public comment. This public process can run concurrent to the Program Year 2019 public process.

CDBG Eligibility: Assistance for displaced tenants is eligible for CDBG funding under a number of different categories, including:

Subsistence Payments: One time or short-term (no more than three months) emergency payments on behalf of individuals or families, generally for the purpose of preventing homelessness. **HUD Code 05Q**

Voluntary Relocation: Relocation payments and other forms of assistance for permanently or temporarily displaced individuals, families, businesses, non-profit organizations or farms. Please note: this activity would be defined as “Voluntary Relocation” meaning it is an optional relocation payment not subject to the federal Uniform Relocation Act (URA). **HUD Code 08**

Program Design: Staff recommend that Council allocate funds for a tenant assistance program to be run by a qualified sub-recipient. Assistance would be limited to displaced tenants of CDBG-funded properties. The program would be funded by the estimated \$56,000 in CDBG program income generated by the sale of the property. Assistance would be made available in the form of cash payments for relocation, limited to low and moderate income tenants of the subject property. Staff have made informal inquiries to service providers who currently administer rental assistance in order to identify a potential sub-recipient to administer rental assistance to the displaced tenants. Screening of tenant eligibility and processing of assistance payments would be managed by the sub-recipient. This contract would be subject to all applicable CDBG regulations.



Subject Property: ANGELUS HOTEL

Location: 204 4th Avenue West, Olympia

Description: Three story mixed-use building

Year of Construction: 1896

First floor: 5 commercial occupancies, including Cascadia Bar & Grill.

Upper two floors: 29 low-cost apartments

CDBG Loan: \$75,000 in 2013 for Fire Sprinkler in residential units only

CDBG Loan Balance: Approximately \$56,000

For More Information:

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