

# **Community Development Block Grant (CDBG) Program Years 2014, 2015, 2019 Amendments**

## **CDBG Program Year 2014 Amendment Summary**

In program year 2014 (9/1/2014 – 8/31/2015), the City entered a Section 108 Loan agreement (\$325,000) to begin an economic development project that would focus on crime prevention through environmental design. During the same program year, the City allocated \$64,000 in federal CDBG entitlement funds to satisfy our first repayment of this Section 108 loan.

After guidance from the US Department of Housing and Urban Development (HUD), it was determined the City could not make its first Section 108 payment until program year 2015 (9/1/2015 – 8/31/2016); however, the City did not amend its PY2014 Action Plan to reallocate these funds.

The City now intends to reallocate \$60,000 in program year 2014 funds to COVID-19 response through Economic Development and Public Service activities, and \$728 to the City's final Section 108 loan payment. These reallocation proposals were approved by Council on May 12, 2020, but the City did not inform the community of the specific details of the PY2014 reallocation. For this reason, the City must allow the community opportunity to comment on the specific reallocation of these funds. Please see chart on page 2 for specific reallocation details.

## **CDBG Program Year 2015 Amendment Summary**

During program year 2015 (9/1/2015 – 8/31/2016), the City acquired a blighted building located at 308 4<sup>th</sup> Avenue East (vicinity map on page 3) using City general funds (\$150,000) and federal CDBG entitlement funds (\$150,000) with the intention of clearing blight through an affordable housing project. The City now intends to change the use of the property to a demolition project in order to clear the blight. The building will be demolished in the future with other City funds to be determined.

Since this property was acquired with some federal CDBG entitlement funds, the property must benefit low-moderate-income families and individuals until disposed of by the City. If the City disposes of the property, it must be sold at fair market value rate with all federal CDBG entitlement funds used in acquisition returned to HUD. When/if the property is disposed, the property must continue to benefit low-moderate-income families and individuals for at least 5 years after expiration of the sale agreement. The City must hold a public participation process when any change of use occurs.

## **CDBG Program Year 2019 Amendment Summary**

On May 12, 2020, City Council approved to allocate \$481,000 in unspent prior year federal CDBG entitlement funds to COVID-19 response through economic development and public service. These funds were available for reallocation due to an increase of program income during program years 2015-2019. The City allocated \$40,000 of those funds to install a hygiene unit at the City's mitigation site. During project review, it was determined CDBG funds were not the appropriate source of funds as there are Davis-Bacon labor standards that must be followed during labor and construction projects, and hygiene was an urgent matter. City staff utilized other funding and completed the project.

The City will reallocate these funds (\$40,000) to the Homeless Response Coordinator position. The Homeless Response Coordinator is currently funded with CDBG-CV (\$70,160), PY2014 (\$19,000), PY2018 (\$20,310) federal CDBG entitlement funds. This additional funding will allow the position to extend beyond April 2021 to continue supporting the homeless population during the pandemic.

**PROGRAM YEAR 2014 REALLOCATION:**

<b>PROGRAM YEAR</b>	<b>RECIPIENT</b>	<b>PROJECT</b>	<b>HUD OBJECTIVE</b>	<b>FUNDING</b>
<b>2014</b>	<b>US Department of Housing &amp; Urban Development</b>	Section 108 Loan Repayment	N/A	\$64,000
<b>2019</b>	<b>NEW: Recipient to be determined</b>	Small Business Support Program – Economic Development	Low-moderate-income jobs	\$41,000
<b>2019</b>	<b>NEW: City of Olympia</b>	Homeless Response Coordinator – Public Service	Low-moderate-income limited clientele	\$19,000
<b>2019</b>	<b>NEW: US Department of Housing &amp; Urban Development</b>	Section 108 Loan Final Payment	N/A	\$728*
			<b>TOTAL</b>	<b>\$60,728**</b>

*\*Section 108 final loan payment totaled \$56,000. Payment made with PY2014 funds (\$728) and PY2016 funds (\$55,272). PY2016 funds were available for reallocation as all remaining funds in PY2016 were a result of program income received and all PY2016 projects were completed.*

*\*\*Remaining funds (\$3,272) were expended in PY2014, but did not constitute a substantial amendment to the PY2014 Action Plan.*

308 4<sup>th</sup> Avenue East, Olympia, WA 98501

