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City Council

Approval to Launch the Program Year 2019 Community Development Block Grant (CDGB) Amendment Public Process

Agenda Date: 11/12/2019
Agenda Item Number: 4.C
File Number: 19-0859

Type: decision **Version:** 1 **Status:** Passed

Title

Approval to Launch the Program Year 2019 Community Development Block Grant (CDGB)
Amendment Public Process

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve the Amendment Process for the CDBG Program Year 2019 Action Plan and direct staff to prepare for a 30-day public comment period November 13 - December 13, 2019.

Report

Issue:

Whether the Council should launch a Program Year 2019 CDBG Amendment Public Process to reallocate the \$425,000 from the cancelled Salvation Army Day Center / Community Kitchen Project?

Staff Contact:

Anna Schlecht, Community Service, Community Planning and Development Department, (360) 753-8182

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

Salvation Army Olympia Corps has informed staff that they have decided to cancel the Community Development Block Grant (CDGB) loan offered them by the City to help fund their Day Center/Community Kitchen project. Instead of using City funds, they plan to pursue other less-restrictive sources of funding. The formal letter from Salvation Army Dated October 24, 2019, details this cancellation. This means that the City now has a total of \$425,000 that must be reallocated.

The City submitted its original Program Year (PY) Action Plan on July 15, 2019, which contained an

additional \$125,000 for the Salvation Army Day Center/Community Kitchen project. This PY 2019 allocation was in addition to the prior year's PY 2018 allocation of \$300,000, coming to a total of \$425,000 allocations for Salvation Army. Since July, the Salvation Army has determined they do not want to encumber their property with a Deed of Trust and are further concerned about other government regulatory issues tied to the CDBG funds that would increase the cost of their proposed project. Instead, they anticipate pursuit of other less restrictive funds. They have approximately \$800,000 from several sources including a \$250,000 grant from the Seattle-based Birkenfeld Foundation.

Proposed PY 2019 Amendment: Staff presented a recommendation to the General Government Committee that the entirety of the \$425,000 be used in the purchase of land intended for the development of affordable/low-cost housing. The specific properties to be considered will be presented at a soon-to-be scheduled Council Executive Session.

At this time, Council may direct staff to prepare materials for a 30-public comment period to amend the current PY 2019 Action Plan as follows:

| | |
|------------------|--|
| \$425,000 | PROPOSED AMENDMENT: Land Acquisition |
| \$ 80,000 | Interfaith Works Shelter Repairs |
| \$ 50,000 | Crime Prevention Through Environmental Design (CPTED) |
| \$ 30,000 | Small Business Training & Assistance |
| \$ 20,000 | Micro-Enterprise Assistance/Business Training & Technical Assistance |
| \$ 55,000 | Downtown Ambassador Program |
| <u>\$ 90,000</u> | <u>Program Administration - Required</u> |
| \$750,000 | TOTAL PROPOSED PY 2018 CDBG FUNDING AMENDMENT |

Amendment Public Process: CDBG regulations call for a 30-day Citizen Participation Process in which the public can review this substantial amendment to the current PY Action Plan and offer their comments. Staff recommends that this process run from November 13 - December 13, 2019 with a public hearing scheduled for December 10, 2019. Final approval of the proposed Amendment will be scheduled for December 17, 2019.

CDBG Program Purpose: The CDBG Program was created as a "bundled" federal aid program intended to aid the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Regulations for the CDBG Program are contained in 24 CFR 570.

Please note that this Amendment will occur during the second year of the Five-Year CDBG Consolidated Plan (2018 - 2022).

Prior Discussions: This proposed PY 2019 Amendment was discussed at a General Government Committee meeting on September 25, 2019. The original Salvation Army project was discussed during Public Process for both the CDBG PY 2018 and the PY 2019 Action Plans.

Neighborhood/Community Interests (if known):

All neighborhoods and community stakeholders have an interest in how federal CDBG funds are invested in community development programs and projects.

Options:

1. Move to approve the Amendment Process for the CDBG Program Year 2019 Action Plan and direct staff to prepare for a 30-day public comment period November 13 - December 13, 2019.
2. Do not move to approve the Amendment Process for the CDBG Program Year 2019 Action Plan and direct staff to prepare for a 30-day public comment period November 13 - December 13, 2019 and risk a timeliness finding.

Financial Impact:

This proposed Amendment Process would allow public comments on the proposed re-allocation of \$425,000,000 in CDBG funds from PY 2018 (\$300,000) and PY 2019 (\$125,000) for property acquisition.

Attachments:

Salvation Army Letter dated 10.24.19