



City Council

Approval of the Community Development Block Grant Program Year 2024 Annual Action Plan

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Title

Approval of the Community Development Block Grant Program Year 2024 Annual Action Plan

Recommended Action

Committee Recommendation:

At the May 22nd, 2024, Community Livability and Public Safety Committee, the Committee recommended to forward to the full City Council for approval staff recommendations for allocation of new Community Development Block Grant Funds for Program Year 2024.

City Manager Recommendation:

Move to approve the Community Development Block Grant Program Year 2024 Annual Action Plan.

Report

Issue:

Whether to approve the Community Development Block Grant Program Year 2024 Annual Action Plan.

Staff Contact:

Anastasia Everett, CDBG Program Manager, Office of Community Vitality, 360.753.8277

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

The City of Olympia is an entitlement community for the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) Program. The CDBG Program is a formula award that supports community development activities to build stronger and more resilient communities. The CDBG Program is a tool for the City to meet strategic goals outlined in our One Community Plan and Housing Action Plan.

Every year the City must complete an Annual Action Plan (AAP) in accordance with the City's public participation plan outlining how CDBG funds will be used during the upcoming Program Year. The City's Program Year begins September 1st and ends August 31, annually. This public hearing is for the Program Year 2024 (PY24) period of performance, beginning September 1, 2024 and ending

August 31, 2025.

Each AAP must reflect the priorities set in the Consolidated Plan which is updated in partnership with Thurston County every five years. The Consolidated Plan outlines the priority needs in the region and includes extensive stakeholder and public engagement to set goals and objectives. In Program Year 2023, the City submitted its most recent Consolidated Plan update which was approved by HUD and will be implemented until Program Year 2027.

The AAP process starts in the spring with the issuance of a Request for Proposals (RFP) to the community. Local service providers can submit project proposals to include in the upcoming Program Year. This year, the RFP was launched March 11th and was open until April 5th. City staff advertised \$154,000 of CDBG funding to be available in the RFP. This figure reflects the anticipated PY24 entitlement allocation minus set asides and administrative costs.

The City received applications from seven service providers equaling over \$750,000 in requests for funding. The CDBG Program Manager recruited other City staff from various departments to participate in scoring the applications. Two of the applications were not within the period of performance and were not eligible for funding. City staff have prepared a draft AAP for upcoming Program Year 2024 (PY24) with funding recommendations in alignment with the 5-year Consolidated Plan (2023-2027).

The allocation for the City of Olympia CDBG award is \$347,049. There is \$20,594 available to allocate of prior year funding bringing up the total available PY24 funding to \$367,643. The City is also moving forward the funding in the Revolving Loan Fund to the current program year, which will be reflected in our anticipated resources. The recommended funding allocations are shown below:

Subrecipient	Project	Funding
Rebuilding Together Thurston County	Critical Home Repair	\$75,000
South Puget Sound Habitat for Humanity	Critical Home Repair	\$75,000
South Puget Sound Habitat for Humanity	Energize Olympia	\$46,273
Enterprise for Equity	Microenterprise Training	\$51,961
City of Olympia	Homeless Response	\$50,000
City of Olympia	Planning/Admin Costs	\$69,409
City of Olympia	Revolving Loan Fund	\$177,997

The City receives Program Income (PI) from repayments existing home rehabilitation loans. Rental rehabilitation PI is routed to the Revolving Loan Fund (RLF), which is reloaned to new rental rehabilitation projects. Single family homeowner PI is treated as entitlement funding and can be programmed to any eligible activity. City staff recommend any PI received during PY24 not routed to the RLF to be allocated to critical home repair activities. Staff recommendation is to award PI to Rebuilding Together Thurston County and South Puget Sound Habitat for Humanity evenly as PI is received.

The public comment period opened May 17th and will remain open until June 17th, 2024. A Public Hearing was held on June 4th, 2024. If approved by Council, the Annual Action Plan will be submitted to HUD no later than July 15th, 2024.

Climate Analysis:

CDBG is a flexible grant that can be used to support the City's climate goals. In 1980, the U.S. Congress gave the CDBG program a mandate to support energy efficiency and renewable energy technologies in property rehabilitation.

Typical energy efficiency activities funded by CDBG nationally include design features to public facilities improvements promoting energy efficiency. Activities may also include public energy conservation services, assistance to neighborhood-based organizations undertaking energy conservation projects, and the development of energy use strategies to achieve maximum energy efficiency.

The City of Olympia has invested a significant amount of CDBG funding into energy efficiency projects in the past several years. Examples of prior projects include solar installation, home weatherization, home electrification and energy-efficient heat pump installation. This year, the City recommends an award to the Energize Olympia campaign to install fully subsidized electric heat pumps to low- and moderate-income homeowners. The RLF is also available as a funding opportunity to property owners during the Energize Olympia campaign.

Equity Analysis:

CDBG funds must primarily benefit 80% or under Area Median Income (AMI) persons. There are statistically major disparities in income that tie to marginalized groups in our community. In the City of Olympia, the total population determined to be below the poverty line is 7,489 individuals out of our total population of 51,076. Poverty is more prevalent in some races and ethnicities in Thurston County. 15.5% of Black or African American residents are below the poverty level, compared to 9.1% white residents.

CDBG funding can be used in a variety of activities to improve accessibility for residents with disabilities in our community. Eligible activities include reconstruction of sidewalks to install ramps and rehabilitation of homes or public facilities to include the removal of architectural barriers to accessibility. Examples of projects funded in prior program years include critical home repair by our subrecipients, Rebuilding Together Thurston County and South Puget Sound Habitat for Humanity. Critical home repair projects funded include installation of handrails, wheelchair ramps and safety equipment in the home.

CDBG funds can also be used to provide energy efficiency upgrades to low- and moderate-income persons in the community, which for many years have been inaccessible to many families as the cost of energy improvements can be significantly higher than what is affordable. This use of funds helps close the disparity in who is able to benefit from high efficiency heat pumps or solar installation. Energy efficiency upgrades also often lower the cost of electricity for the homeowner or tenant, which reduces the utility burden on households.

City staff review the HUD GIS data for the City's census tracts and are exploring opportunities for direct outreach and targeting of census tracts that are overburdened and have higher poverty levels.

Neighborhood/Community Interests (if known):

CDBG funding is used to support Olympia residents at or below 80% AMI. CDBG funding priorities align with the 5-year HUD Consolidated Plan, and more specific goals are targeted annually in the AAP. Supporting low-moderate income Olympia residents is a high priority for the community, and CDBG funded projects help meet many of the City's goals outlined in the One Community Plan.

CDBG funding can benefit low-moderate income residents on an area basis (such as neighborhood improvements), limited clientele basis, or provide housing and jobs benefits.

Financial Impact:

The amount available to allocate for PY24 is \$367,643. The CDBG program also has \$177,997 in available funding for rental rehabilitation projects that will be completed during the Program Year.

Throughout the year, staff have worked hard alongside our federal lobbyist to highlight the merit of the CDBG program and its impact on the community. Unfortunately, the program continues to receive appropriation cuts and does not reflect the rising inflation rates. Impacts to decreased funding include reduced capacity for grant administration and fewer beneficiaries served annually.

Options:

1. Move to approve the CDBG PY24 AAP and direct staff to submit to HUD.
2. Provide staff with feedback on the CDBG PY24 AAP and direct staff to submit to HUD as amended.
3. Take action on this item at another Council meeting - risk noncompliance with HUD submission requirements.

Attachments:

Annual Action Plan