



City Council

Council Priorities for 2013 - 2017 CDBG Consolidated Plan and Annual Action Plan

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Agenda Item:

Council Priorities for 2013 - 2017 CDBG Consolidated Plan and Annual Action Plan

Issue:

- 1) Receive information on CDBG regulations
- 2) Establish Council strategies for the Five-Year (2013-2017) CDBG Consolidated Plan
- 3) Establish specific goals for the One-Year (Program Year 2013) Annual Action Plan
- 4) Direct staff to release a "Request for Proposals"

City Manager's Recommendation:

Provide direction on next steps in development of the joint 2013-2017 Consolidated Plan, identify goals for the City's 2013 One-Year Action Plan goals, and direct staff to release the CDBG "Request for Proposals".

Staff Contact:

M. Anna Schlecht, Housing Program Manager, 360.753.8183
Steve Friddle, Community Services Manager, 360.753.8591

Presenter(s):

M. Anna Schlecht, Housing Program Manager
Tom Morrill, City Attorney

Background and Analysis:

FOLLOW-UP FROM APRIL 9, 2013 COUNCIL MEETING:

Available Funding - Program Year 2013:

\$270,000 - Estimated available funds, calculated as follows:

\$ 380,000 Total CDBG Funds (new Funds plus program income)
(\$ 60,000) General Administration costs (general costs of managing the CDBG Program)
(\$ 50,000) Direct Service delivery costs (contract management costs)
\$ 270,000 Estimated Available Funds for Program Year 2013

The following information is being gathered and will be presented at the April 16 Council meeting:

- **CDBG Regulations:** The City Attorney is contacting the Department of Housing and Urban Development (HUD) for clarification about HUD's interpretation of federal regulations regarding the submission deadlines and level of specificity required in the CDBG Annual Action Plan, and will be prepared on Tuesday to report the information and respond to questions.
- **Timeliness and Spend-down Chart:** Staff is preparing a chart with cash flow projections, and will present it at Tuesday's meeting.
- **Olympia-Specific Needs Data:** On contract, the Washington State Department of Commerce Research Division is assisting us in compiling information on Olympia-specific data. Data gathered as of Tuesday's meeting will be presented that evening. *Note: Olympia-specific information will be included in the Public Hearing draft of the final Consolidated Plan as an appendix to the Citizen's Summary, which is the summary of predominately regional information.*

POLICY QUESTIONS FOR COUNCIL:

- **Program Year 2013 Approach:** Based on information provided to date and on Tuesday evening, do you wish to proceed with a Request for Proposals (RFP) for Program Year 2013, or use another process to select an eligible activity to ensure receipt of 2013 program year funds (such as identifying a specific project tonight)?
- If an RFP is issued, do you wish to:
 - Include specific criteria? (See additional information immediately below this section.)
 - Request a single "service-enriched" project (like the Smith Building project that combines capital and social service funding for maximum impact)? If yes, skip the Social Services 15% question below.
- **Social Services - Program Year 2013 (question moot, if issuing a "service-enriched RFP):**
 - Do you wish to allocated up to 15% for social services in Program Year 2013 and seek RFPs for up to that amount?
 - If yes, for single or multiple providers?
 - For 15% of our new money (\$45,000); or 15% of combined new money and program income (\$57,000)?
- **Future Annual Program Years:** Do you wish to keep open the possibility for a multi-year investment in future program years?
- **Consolidated Plan Strategies:** Do you wish to identify specific goals and strategies in the Consolidated Plan, or - instead - generally list all of the National Objectives? *Note: Olympia strategies will be included along with the County's strategies in the regional Consolidated Plan.*

PROGRAM YEAR 2013 AND BEYOND:

Last week, staff heard interest from some Councilmembers in a two-step, transitional approach:

1. **Program Year 2013 - Regionalizing Homeless Services:** Request proposals for projects or programs that address homelessness and street-dependence, with a service model that lessens the impact on Olympia's downtown core.

Proposals may include projects such as community center(s), housing, land acquisition, homeless shelters, restrooms, and related social services.

Successful proposals will have the following elements:

- Collaboration with potential service-delivery partners.
- Reflect a strong regional approach as identified in the draft Thurston County Homeless Plan.
- Ability to leverage City funding with a broad range of funding from other sources.
- Process to consult affected neighborhood associations, affected business associations, immediate neighbors of potential locations and other stakeholders.
- Demonstrated history of constructing and/or managing similar projects or programs.
- Strong organizational and financial capacity to complete the proposed project on time and on budget.

2. *Program Years 2014 and Beyond* - In the coming months, establish a process that:

- Provides maximum time for advance discussion, planning and the identification of specific goals and objectives.
- Provides a framework for multi-year commitment(s) to achieve Olympia-specific and/or regional goals and objectives.
- Defines the Council's interest in prioritizing economic/community development efforts.

NEXT STEPS:

Based on tonight's guidance, staff will:

- Issue a Program Year 2013 Request for Proposals this week (if so directed);
- Continue to work with Thurston County and the State's Department of Commerce Research Division to finalize a complete Draft Consolidated Plan for public comment in June.

BACKGROUND / INFORMATION EXCERPTS FROM APRIL 9, 2013 STAFF REPORT:

Purpose of the Consolidated Plan:

The Consolidated Plan is the key strategy document that guides the Community Development Block Grant (CDBG) Program over a five-year period. The Annual Action Plan is the one-year plan created for each year of the Consolidated Plan.

The purpose of the Thurston County and City of Olympia Five-Year Consolidated Plan is to pursue strategies that ensure decent affordable housing, provide services to the most vulnerable in our communities, and create jobs through the expansion and retention of businesses. Each funded activity must meet one of the three following CDBG National Objectives:

- 1) **Benefit low- and moderate-income persons;**
- 2) **Prevent or eliminate slums or blight;** or,
- 3) **Address community development needs having a particular urgency** because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

Joint Consolidated Plan:

Based on prior Council direction, this year the County and City are working together with the assistance of

the Washington State Department of Commerce Research Division to produce a joint CDBG and HOME Program Five-Year Consolidated Plan. The intent is to provide data, information, and a framework for regional planning and, potentially, resource allocation. This approach also allows each jurisdiction to save money by sharing the costs of producing the plan.

The steps involved are:

- 1) Needs Assessment (See Attachment #1 - Draft "Citizen's Summary of the 2013-2017 Consolidated Plan")
- 2) Establish Five-Year Strategies and Goals - **Consolidated Plan**; and,
- 3) Designate One-Year **Annual Action Plan** Activities
- 4) Finalize and submit Consolidated Plan and Annual Action Plans to HUD

When finalized, the joint 2013-2017 Consolidated Plan will have several sections:

1. **Citizen's Summary** - Presents a user-friendly overview:
 - a. Regional needs - drawn from local sources on employment, poverty, housing needs, homelessness, and other needs.
 - b. Regional resources - federal CDBG, HOME along with state and local funds
 - c. Five-Year strategies - combined CDBG and HOME strategies for both County and Olympia
 - d. County's One-Year Annual Action Plan,
 - e. Olympia's One-Year Action Plan
2. The full **Consolidated Plan**:
 - a. General program management (both CDBG and HOME)
 - b. Affordable housing needs
 - c. Homeless and special housing needs
 - d. Community Development needs
 - e. Five-Year Strategic Plan (joint County and City strategies)
 - f. Anticipated resources
 - g. Annual Action Plan 2013 - County
 - h. Annual Action Plan 2013 - City
 - i. HUD-required tables

The final Consolidated Plan will be submitted electronically via the HUD **Consolidated Plan** template in the Integrated Disbursement and Information System (IDIS) with **hard copies available upon request**. The final Consolidated Plan is presented in federally designated format with extensive data and tables to meet HUD requirements. The submission must occur 45 days before the start of the coming program year, which means our submission deadline is July 15.

ADDITIONAL INFORMATION ABOUT THE CONSOLIDATED PLAN

Joint Consolidated Planning Process:

This first attempt at conducting a joint County and City Consolidated Planning process has presented challenges in regards to coordinating the decision points for both City Council and the County Board of Commissioners. The timeline (Attachment #6) presents the schedule for producing a final Consolidated Plan for submission by July 15, 2013.

County's Consolidated Plan Strategies:

County representatives will present information and answer questions on their approach to the Five-Year Consolidated Plan (strategies) and One-Year Annual Action Plan. Attachment #3 is a list of strategies that the County has adopted for both the County HOME Program and the County CDBG Program. In the final

version of the Consolidated Plan, these strategies will be presented in a slightly different configuration to align with HUD-defined CDBG eligible activities which are listed in Attachment #7. County representatives will be available to answer additional questions including: 1) will the County utilize 15% of the CDBG funds for social services; 2) will the County utilize the “general benefit allocation” criteria for the Plan or the “targeted benefit”; and, 3) what projects have they identified, and other County specific issues.

Program Year:

Federal regulations require that the City and County’s program year must be the same; currently the program year is September 1 - August 31. The previous City of Olympia CDBG Consolidated Plan (2010 - 2013) announced the Olympia Council’s intent to change the program year from the current 12-month period, September 1 through August 31, to a calendar year starting with this new Consolidated Plan. It is staff’s understanding that, at this time, the County has not agreed to change the program year. However, City and County officials may continue discussion and could agree to change the program year to calendar year at some point in the future.

Length of Plan:

The proposed Consolidated Plan will cover a five-year period, hence the term “Five-Year Consolidated Plan.” Local governments may adopt either a three-, four- or five-year Consolidated Plan. The first year of the plan, which identifies specific activities, is called the “Program Year Annual Action Plan.”

Potential CDBG Revenues Over Five-Year Plan Period:

Barring significant changes caused by sequestration or other federal government budget changes, the total estimated CDBG revenue funds to be received by the City during the five-year Consolidated Plan period is anticipated to be a total \$1,900,000 (\$1,500,000 in new funds and \$400,000 in program income).

Funding Availability for Program Year 2013:

Barring significant changes caused by sequestration or other federal government budget changes, staff estimates a total of \$380,000 for program year 2013 (\$300,000 in new CDBG funds and an estimated \$80,000 in CDBG program income). Of that, \$270,000 is the estimate available for proposal funding (\$380,000; less \$60,000 for general administrative costs; less \$50,000 for direct service delivery costs; for a net of \$270,000).

Program Year 2013 Annual Action Plan:

For each program year during this Five-Year Consolidated Plan period, the Consolidated Plan strategies are used as a basis to develop the “CDBG Annual Action Plan.” The Action Plan identifies the specific activities to receive funding. As referenced above, Attachment #5 provides a matrix of previously funded projects and the mix of funding sources.

Optional 15% Social Services Cap:

A Grantee may only allocate up to 15% of new CDBG allocations and program income as allowed by federal regulations. Until recently, Olympia allocated the full 15% of its CDBG funds for social service activities from each year’s CDBG entitlement. In program year 2011, Olympia only funded social services in anticipation of a multi-year funding commitment to an affordable housing project. In program year 2012, the City Council funded the Smith Building project as a “service-enriched project” that included \$45,847 in CDBG funds for social services.

Multi-year Funding Commitments:

For program years 2011 and 2012, Olympia amended its Consolidated Plan to identify for the first time a multi-year approach and commitment. A multi-year commitment to one or more projects is possible when funding can be distributed quickly enough to meet the CDBG Spend-Down deadline each program year.

Expenditure Timelines:

HUD requires Grantees to “spend down” their funds in a timely fashion to ensure that federal funds are utilized efficiently. While there are no specific deadlines to expend all CDBG funds, the timeliness goal is achieved through the regulation to spend down to 1.5 times the current grant award by the tenth month of the program year. For the City of Olympia, this means that by June 30, 2013, we must spend down to, at, or below \$488,418. To meet this “Spend Down” deadline, it is critical that projects that are ready to go and involve reliable community partners. The attached “Olympia CDBG Grant History” gives an overview of the past eight years of CDBG program years (Attachment #8).

HOME Program Issues:

The Council received a letter from Thurston County Manager Don Krupp that addressed a number of questions regarding the HOME Program and the new Urban County CDBG Program, including: County CDBG priorities, social service funding, potential changes in HOME governance, HOME Inter-Jurisdictional Agreement term, or any other HOME issues can be reported upon at a later date (Attachment #11).

Process Timeline for the Annual Action Plan and Request for Proposals:

Submittal of the Annual Action Plan to HUD is due July 15, 2013. While this could be extended by one month subject to additional regulations, it is staff’s understanding that a delayed submission will negatively impact Thurston County’s CDBG Program, which involves a consortium of the seven other jurisdictions in Thurston County.

Steps and Timeline to Meet July 15 Deadline:

Step One - Needs Assessment:

Attached for Council review this evening is the draft “Citizen’s Summary of the 2013-2017 Consolidated Plan” (Attachment #1) which presents regional needs data. This data is intended to support a decision-making process by both the County Commission and the City of Olympia Council to designate:

- 1) “Consolidated Plan Five-Year Strategies” (Joint plan combining both jurisdictions); and
- 2) “Annual Action Plan One-Year Activities” (Individual plans for County and City Activities).

Step Two - Five-Year Strategies and Goals - Draft Consolidated Plan:

Either tonight or next week (April 16), identify the Five-Year Strategies to be included in the draft Consolidated Plan.

Attachment #2 presents a list of potential Consolidated Plan strategies based on previous Olympia Consolidated Plans. Strategies are based primarily on the needs data presented in the Citizen’s Summary. Concurrently, the County is also developing a list of strategies to be pursued (see Attachment #3).

Both County and City Five-Year Strategies will be combined into a singular Consolidated Plan. The Consolidated Plan strategies serve as a framework from which to identify Annual Action Plan activities followed by “Step Three” below in which the County and City identify their individual Annual Action Plan activities that will then be attached in the draft Consolidated Plan.

Step Three - One-Year Annual Action Plan Priorities:

Either tonight or next week (April 16), identify the 2013 “One-Year Annual Action Plan” priorities drawn from the Consolidated Plan Strategies. The attached “Decision Matrix - Annual Action Plan Priorities,” (Attachment #4) is provided to facilitate the process of identifying One-Year Annual Action Plan priorities.

Traditionally, Olympia has then released a **Request for Proposals**, with the selected proposals identified in the Annual Action Plan. To meet the July 15 deadline, the Request for Proposals would be issued on April 17. From these RFP responses (due May 7), Council would select the activity or activities they intend to fund for Program Year 2013 (September 1, 2013 to August 31, 2014). A matrix of past CDBG Program activities is presented in Attachment #5.

Step Four - Finalize and Submit the Final Consolidated Plan to HUD:

Pursuant to the Joint Consolidated Plan Timeline (Attachment #6) the final draft Consolidated Plan will be presented for public comment during the month of June 2013, including a public hearing currently scheduled for June 11. The Council will review all citizen comments and direct staff to draft the final Consolidated Plan and Annual Action Plan in conjunction with County staff. The Final Consolidated Plan is then transmitted to HUD on or before July 15 as described earlier in this report.

Neighborhood/Community Interests (if known):

Neighborhood and community interests are identified through the RFP and public comment processes.

Options:

Provide guidance on next steps in development of the joint 2013-2017 Consolidated Plan and identify goals for the City's 2013 One-Year Action Plan goals.

Financial Impact:

1. **Costs of Developing the Consolidated Plan:** Council authorized **\$24,811** from federal CDBG monies to fund the development of the Consolidated Plan through an Interlocal Agreement with the Washington State Department of Commerce Research Services to conduct research and help produce the City's CDBG Consolidated Plan and First-Year Annual Action Plan. This Consolidated Plan is being developed with Thurston County, which is working through a parallel Interlocal Agreement with Commerce.