



City Council

Proposed Amendment of 2013 Community Development Block Grant (CDBG) Action Plan to include Section 108 Loan for Downtown Safety Improvements

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Title

Proposed Amendment of 2013 Community Development Block Grant (CDBG) Action Plan to include Section 108 Loan for Downtown Safety Improvements

Recommended Action

Committee Recommendation:

Hold a public hearing to consider amendment of the 2013 CDBG Action Plan to include the proposed Section 108 loan for downtown safety improvements

City Manager Recommendation:

Hold a public hearing to consider amendment of the 2013 CDBG Action Plan to include the proposed Section 108 loan for downtown safety improvements. Following the Public Hearing, keep the written record open until 5:00 p.m., Monday, January 6, 2014.

Report

Issue:

Should the city amend its 2013 CDBG Action Plan to include the proposed Section 108 loan for downtown safety improvements, including alley lighting and pedestrian improvements?

Staff Contact:

Leonard Bauer, Deputy Director, Community Planning @ Development, 360.753.8206

Presenter(s):

Leonard Bauer, Deputy Director, CPD

Background and Analysis:

The City created a Section 108 Loan Program in 2012. The HUD Section 108 loan guarantee program enables local governments to obtain federally guaranteed loans by pledging their current and future CDBG allocations as security for low-interest loans. The City may also provide Section 108 loan funds to private parties for eligible activities. Under this program, communities can borrow up to five times their most recent CDBG award for eligible projects that meet the national CDBG

objectives. Unlike annual CDBG awards, these Section 108 loans must be repaid within 20 years.

HUD has approved Olympia's Section 108 Loan Guarantee Fund in the amount of \$1,756,000. The loan fund will continue to be available through September 30, 2018, or until all funds are expended. The city may access the loan fund for eligible activities pursuant to 24 CFR 570.703, including land acquisition, clearance, demolition, removal, site preparation, housing rehabilitation eligible under 570.202, economic development activities, or public facilities.

Olympia's first loan must be completed by April 30, 2014, for the City to remain eligible to continue its Section 108 Loan Guarantee Fund. To allow for HUD's 90-day review time for a proposed loan, a City Council decision on whether to submit a Section 108 loan project is needed by mid-January 2014, after receiving public comments. This public hearing is part of a 30-day public comment period December 6, 2013 - January 6, 2014. Information on how to submit written comments during that period is available at: <http://olympiawa.gov/city-services/housing-social-service.aspx>

Staff investigated numerous potential projects for a Section 108 loan. Attached is a summary of the proposed project recommended by the Community Renewal Area Ad Hoc Committee for downtown alley lighting and pedestrian improvements. The project is located entirely within a census block that is predominantly low/moderate income residents. The project would improve public safety, ADA accessibility, pedestrian travel, and access to the Olympia Center and Family Support Center.

The total estimated project cost is \$325,000 and the Section 108 loan would be for that amount. Repayment of the loan would be pledged from the City's future CDBG federal allocations over a five-year repayment period.

Neighborhood/Community Interests (if known):

The CDBG Action Plan includes projects of interest community-wide.

Options:

1. Conduct public hearing for amendment to 2013 CDBG Action Plan to include the proposed Section 108 loan project.

Financial Impact:

\$ 325,000 in Section 108 loan funds would be awarded to the City for this public project. Repayment of the loan would be pledged from future federal allocations of CDBG funds to the City over a five-year period, and will be backed by the full faith and credit of the City of Olympia. More details on proposed loan terms are available in the attachment.