



City Council

Approval to Schedule Public Hearing on the Community Development Block Grant - Program Year 2014 Action Plan

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Title

Approval to Schedule Public Hearing on the Community Development Block Grant - Program Year 2014 Action Plan

Recommended Action

Committee Recommendation:

Move the draft PY2014 Action Plan forward for Public Hearing in keeping with the recommended schedule. *[Note: General Government Committee did not discuss extending the certification period.]*

City Manager Recommendation:

Move to direct staff to schedule a thirty-day public comment period, including a public hearing, on:

1. The draft Program Year 2014 (PY2104) Community Development Block Grant (CDBG) Action Plan projects included in Attachment 1.
2. Extending the City's CDBG certification period from one year to three years.

Report

Issue:

What projects should be included for funding in the CDBG PY 2014 Action Plan? Should the city extend its CDBG certification period for meeting federally-required thresholds for benefits to low and moderate income people from one year to three years?

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Presenter(s):

Leonard Bauer, CPD Deputy Director
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Brian Wilson, Downtown Liaison
Michelle Morlan, Director, National Development Council (Seattle Office)

Background and Analysis:

The Council referred to General Government Committee consideration of options for CDBG-funded

economic activities for Program Year 2014 (September 1, 2014 - August 31, 2015). Staff estimates there will be a total of \$642,375 in combined new CDBG grant funds and program income (see “CDBG Budget Worksheet” attachment).

General Government Committee recommends the projects listed in Attachment 1 be included in the PY2014 CDBG Action Plan. As per Council’s referral, these projects fund economic development activities, as follows:

1. Continued funding in PY2014 for an additional staff member in the Downtown Ambassador program
2. Façade Improvement Loans and Safety Projects identified through the City’s Crime Prevention Through Environmental Design (CPTED) program.
3. Seed funding to initiate a Small Business Revolving Loan Program, to be known as the “Grow Olympia Fund,” administered by the National Development Council (NDC) to address objectives set by the City Council. General Government Committee recommends fund objectives include:
 - Retaining and growing existing downtown businesses
 - Infilling vacant storefronts with new or relocated businesses
 - Emphasizing a diversity of businesses that provide jobs and activity to create more foot traffic and an “18-hour business day”
 - Focus on strategic small business sectors, identified by the EDC to be:
 - Light manufacturing
 - Information technology
 - Professional services
 - Theater arts/performance retail

This seed funding is expected to leverage additional funding sources, including Small Business Administration funds already available to NDC, to increase the fund. More information on this program is included in the attachments.

4. Continue dedicating remaining estimated program income (projected to be \$126,455) to Isthmus Park Project.

Attachment 2 provides a concise description of these four options.

Note: *The City Council will continue working on a parallel track to review and approve potential Section 108 Loan Program activities. Upon approval, individual Section 108 activities will be added to the current CDBG Program Year by amendment and will be administered as per CDBG regulations. These funds are separate from the annual entitlement funds and program income allocations currently under review by Council.*

CDBG PY2014 Action Plan Timeline and Process:

The Council identified Economic Development as the priority goal for the current CDBG Five-Year Consolidated Plan, which serves as the strategic plan for this program. The Council has been examining options for CDBG-funded economic development over the first two years of the

Consolidated Plan period. Council actions during that time have included; 1) amending the current PY 2013 Action Plan to include Section 108 Loans; and, 2) amending the current PY 2013 Action Plan to include funding for the Capital Recovery Center Ambassador Program.

The remaining timeline to develop the PY 2014 Annual Action Plan includes the following steps:

March	Review of options by General Government Committee
April	Proposal from the General Government Committee to Council
May	Council review and action on proposal
May	Staff develop proposed PY 2014 Annual Action Plan
June	Public Comment period - review and consultation with community stakeholders (30 day period), including City Council public hearing
July 15th	Council approval and submission of PY 2014 Annual Action Plan

The CDBG Annual Cycle is illustrated in the attachment.

Three-Year CDBG Certification Period:

Concurrent with the PY2014 CDBG Annual Action Plan public process, staff proposes converting the City of Olympia CDBG program from a one-year certification period to a three-year certification period. This will allow the greatest flexibility in calculating the percentage of benefit to low and moderate income people. HUD requires that 70% of all CDBG expenditures benefit low and moderate income people. Under a one-year certification, that calculation is based on the current year's activities only. Under a three-year certification period, the City would have the flexibility to calculate the 70% benefit based on activities funded over a three-year period. This means, for example, that the City could allocate a larger percentage of the funding for elimination of slum and blight in one year, provided that the following years make up the difference to ensure 70% of the funding over a three-year period benefits low and moderate income people.

Neighborhood/Community Interests (if known):

The PY 2014 CDBG Annual Action Plan is a city-wide document that is of interest to the entire community. All registered neighborhood associations and business associations will receive notices of the public comment period on the Draft Action Plan.

Options:

1. Move to direct staff to schedule a thirty-day public comment period, including a public hearing, on the draft PY2104 CDBG Action Plan projects included in Attachment 1, and on extending the City's CDBG certification period from one year to three years.
2. Modify the list of projects to be included in the draft PY2014 CDBG Action Plan, and direct staff to schedule a thirty-day public comment period, including a public hearing. Other options considered by General Government Committee included: a micro-loan program to provide small loans to start-up, home-based businesses; and dedicating all program income to a single project, such as the Isthmus Park Project.
3. Refer this item back to General Government Committee for further consideration of alternative projects to be included in the draft PY2014 CDBG Action Plan. Please note the draft PY2014 CDBG Action Plan must still be the subject of a thirty-day comment period prior to final approval by the City Council. Council's final approval is needed by August 1 to provide adequate time to complete the document and submit to HUD before the beginning of PY2014.

Financial Impact:

The City anticipates receiving a total of \$342,375 in new CDBG funds and an estimated \$300,000 in CDBG program income, for a total of \$642,375 in CDBG funding for PY 2014 (September 1, 2014 - August 31, 2015). Federal requirements for CDBG funds include:

1. Operation of the current CDBG Program requires an administrative budget of \$100,000, or 15% of all anticipated CDBG funds, in order to manage a compliant CDBG program, as illustrated in the "CDBG Budget Worksheet" attached.
2. Seventy percent of expenditures in each CDBG Program Year must qualify as benefitting Low/Moderate Income individuals. Staff analysis indicates this benefit requirement appears to be met by the General Government Committee recommendations.