



City Council

Approval of Community Development Block Grant (CDBG) Draft Annual Action Plan

Agenda Date: 7/8/2014
Agenda Item Number: 6.A
File Number: 14-0566

Type: decision **Version:** 2 **Status:** Passed

Title

Approval of Community Development Block Grant (CDBG) Draft Annual Action Plan

Recommended Action

City Manager Recommendation:

Move to approve the Community Development Block Grant (CDBG) Draft Annual Action Plan for Program Year 2014 (September 1, 2014 - August 31, 2015) and extend its CDBG certification period 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?

Staff Contact:

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Presenter(s):

Anna Schlecht, Housing Program Manager

Background and Analysis:

The City held a one-month public comment period, June 2 - July 2, 2014, to receive public comments on the draft CDBG Annual Action Plan for PY 2014 (September 1, 2014 - August 31, 2015). During this period, the City held a public hearing on June 11th. Copies of all public comments are included in the Annual Action Plan. The draft plan was made available online (see link in the attachments), at the Olympia Timberland Library, and at Olympia City Hall.

The Annual Action Plan is the city's one-year plan that identifies specific activities to be funded during the second program year of the five-year Thurston County CDBG Consolidated Plan (2013 - 2017). The regional Consolidated Plan identifies the development of viable communities by the provision of: 1) decent housing; 2) suitable living environment; and 3) expanded economic opportunity. The six specific regional Thurston County Consolidated Plan Strategies include:

1. Economic Development (Priority)
2. Affordable Housing
3. Public Facilities
4. Public Services
5. Land Acquisition
6. Homeless Continuum of Care

Proposed PY 2014 Action Plan Activities

The City Council has chosen Economic Development as the priority strategy for PY 2014. Staff estimates there will be a total of \$642,375 in combined new CDBG grant funds and program income.

The following projects are included in the Draft PY 2014 CDBG Action Plan. A concise description with proposed funding levels for each activity is included in the attachments.

1. Continued funding in PY 2014 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 the following objectives set by the City Council:
 - Retaining and growing existing downtown businesses
 - Infilling vacant downtown 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" downtown
 - Focus on strategic small business sectors:
 - 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.

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

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 Annual Action Plan Timeline

Following the public comment period, the City Council is considering the PY 2014 Annual Action Plan for approval. The Action Plan must be submitted to the U.S. Department of Housing and Urban Development by July 15th. The CDBG Annual Cycle is illustrated in the attachment.

Three-Year CDBG Certification Period

Concurrent with the PY 2014 CDBG Annual Action Plan public process, the City of Olympia proposes converting its 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.

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 received notices of the public comment period on the Draft Action Plan.

As of June 30, the only comments received were from three individuals who testified at the Public Hearing. Those comments were supportive of the proposed PY 2014 Action Plan.

Options:

Move to approve the Community Development Block Grant (CDBG) Draft Annual Action Plan for Program Year 2014 (September 1, 2014 -- August 31, 2015)

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. Administration of the CDBG program cannot exceed 20% of all anticipated CDBG funds. The Draft Action Plan proposes an administrative budget of \$100,000, or 16% of all anticipated CDBG funds, in order to manage a compliant CDBG program.
2. Currently, 70% of expenditures in each CDBG Program Year must qualify as benefitting Low/Moderate Income individuals. Part of the proposal would change this requirement to 70% of expenditures benefitting Low/Moderate Income individuals over a three-year period.