



General Government Committee
Community Development Block Grant (CDBG)
Program Year 2015 Action Plan

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Title

Community Development Block Grant (CDBG) Program Year 2015 Action Plan

Recommended Action

City Manager Recommendation:

Reconsider PY-2015 recommendation regarding accessible sidewalks.

Report

Issue:

Should the Committee recommend one project or use of CDBG funds for multiple accessible sidewalk projects in downtown, or another purpose?

Staff Contact:

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Presenter(s):

Leonard Bauer, Deputy Director, Community Planning and Development
Anna Schlecht, Housing Program Manager

Background and Analysis:

The City Manager was not able to attend the committee's prior meeting on this topic. He has requested an opportunity to comment on the PY-2015 proposed recommendation regarding accessible sidewalks. Council consideration of the recommendations from General Government Committee is scheduled for Council's May 5 meeting.

Following is the same information contained in the March General Government Committee staff report:

Action Plan Schedule and Priority Goals

The City of Olympia receives federal CDBG funds from the Department of Housing and Urban Development (HUD). According to the HUD website, the CDBG Program provides federal funds to "develop viable communities by providing decent housing, a suitable living environment and opportunities to expand economic opportunities, principally for low- and moderate-income persons."

The City maintains a five-year consolidated plan that outlines the priorities for CDBG grant funding. Each year, the City re-evaluates the plan to reflect the needs of the community, and adopts its Action Plan for that year. The PY2015 CDBG Action Plan will cover the period of September 1, 2015 - August 31, 2016. At its February 25 meeting, the Committee accepted the schedule in Attachment 1 for City Council consideration of the PY 2015 CDBG Action Plan.

The City has identified the following strategies, in priority order, for both the five-year Consolidated Plan and the Action Plan for Program Year 2014. The Committee affirmed these strategies for Program Year 2015 at its February 25 meeting.

1. Economic Development
2. Housing Rehabilitation
3. Land Acquisition
4. Public Facilities and Improvements
5. Public Services.

The Consolidated Plan defines the priority goal, Economic Development, as a range of activities that provide economic opportunity and support the creation of jobs, principally for low- and moderate-income people.

Action Plan Funding Availability

There are two basic sources of Community Development Block Grant funds:

Annual Entitlement Grants: The City receives annual grants from HUD for its CDBG Program. The funds must be used in accordance with detailed regulations to benefit low- and moderate-income households or aid in the elimination of slum or blighted conditions. HUD estimates the City's PY 2015 grant award will be \$338,265.

Program Income: In past years, a significant portion of CDBG funding was distributed by the City in the form of housing rehabilitation loans. These loans are repaid to the City according to the loan terms and reused for other CDBG-eligible projects that benefit low- and moderate-income households. These repaid CDBG funds are called "Program Income". When Program Income is, in turn, reinvested in additional loan programs (aka revolving loan programs), it will continue to be repaid as Program Income in future years. However, when it is then used for one-time projects rather than revolving loan programs, future years' Program Income decreases.

Since PY 2009, Olympia's annual Program Income has ranged from \$105,000 to \$201,000. At this time, staff projects PY 2015 Program Income will be approximately \$120,000. Based on this projection, the total amount of federal funding available for the PY 2015 CDBG Action Plan would be \$458,265.

Federal regulations establish several thresholds for financial management of the City's CDBG Program. These include:

- A cap on funding used for administration and planning purposes that equals 20% of the current year's grant amount plus program income.
- A cap on funding used for public services that equals 15% of the current year's grant amount plus the previous year's program income.

- A requirement that 70% of all CDBG expenditures over a three-year period benefit low and moderate income people.

Additionally, HUD requires the City to expend its CDBG funding in a timely way. At the end of each program year, the City must have completed expenditures so that the remaining balance in its CDBG program is no more than 1.5 times its previous year's grant amount.

The Committee reviewed the status of the City's CDBG program in relation to the above financial management thresholds at its January 28 and February 25 meetings.

Proposed PY 2015 Activities

The Committee considered a number of options for PY 2015 activities. At the end of that discussion, the Committee's primary interest was to pursue the activities shown in Attachment 2. These include ADA Sidewalk Accessibility improvements to benefit accessibility for low- to moderate-income people. Attachment 3 provides three options for ADA Sidewalk Accessibility. Staff is presenting them in recommended priority order based on the Council's adopted CDBG goals. All three options benefit low- to moderate-income people, and the first two options improve access to downtown businesses.

Policy Consideration

At its February 25 meeting, the Committee reviewed information regarding the locations of low-income housing, shelters and services in downtown Olympia and directed staff to research options to:

“Disperse low and moderate-income and special needs housing throughout the urban area” (Olympia Comprehensive Plan Policy PL16.4).

(Note: Other housing policies are included under Comprehensive Plan goals PL 16, and PS 5-9).

Adequate and affordable housing is critical to a healthy community. The Washington State Growth Management Act (GMA)(RCW 36.70A) directs each community to plan for it by:

- Encouraging affordable housing for all economic segments of the population
- Promoting a variety of residential densities and housing types
- Encouraging preservation of existing housing stock
- Identifying sufficient land for housing, including government-assisted housing, housing for low-income families, manufactured housing, multi-family housing, group homes, and foster-care facilities.

The Federal Fair Housing Act prevents actions that make a residence unavailable to a person because of race, color, national origin, religion, sex, familial status, or disability (42 U.S.C., Sections 3601-3631).

The Fair Housing Center of Washington recommends communities consider location and availability of affordable housing throughout the community. Policy direction in the City's five-year consolidated plan can help communities accomplish this goal consistent with the Federal Fair Housing Act and the GMA. Consistency with the consolidated plan is frequently a criteria considered by entities that provide funding for housing construction. It also guides the funding programs overseen by the Housing Consortium in Thurston County for housing and social services.

The Committee may consider recommending policy language be amended into the consolidated plan to implement the Olympia Comprehensive Plan housing policies. Following are some optional

policies for consideration:

- a. The City of Olympia will work with its regional partners to geographically diversify housing and services for vulnerable populations.
- b. Criteria for awarding public funding for housing and social services should include consideration of the proposal's location, prioritizing projects in currently under-served areas.
- c. Criteria for awarding public funding for housing and social services should include a requirement for a "good neighbor plan" for communicating with neighbors, on a continuing basis, to address any impacts that may occur to those properties.