



City Council

Approval to Schedule a Public Hearing on the Community Development Block Grant Draft Program Year 2015 Action Plan

Agenda Date: 5/19/2015
Agenda Item Number: 6.C
File Number: 15-0429

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

Title

Approval to Schedule a Public Hearing on the Community Development Block Grant Draft Program Year 2015 Action Plan

Recommended Action

City Manager Recommendation:

Move to direct staff to schedule a thirty-day public comment period, including a public hearing, on the draft Program Year 2015 (PY2105) Community Development Block Grant (CDBG) Action Plan reflected in Attachment 2, with the following changes from the initial proposal from General Government Committee:

1. Approve the Grow Olympia Fund small business loan fund, as described in Attachment 5 as an alternative to the ADA curb-cut project.
2. Remove the policy language from the draft Action Plan.

Report

Issue:

What do you wish to submit to the community for public hearing and comment?

Staff Contact:

Leonard Bauer, CPD Deputy Director, Community Planning & Development, 360.753.8206

Presenter(s):

Anna Schlecht, Housing Program Manager
Leonard Bauer, CPD Deputy Director

Background and Analysis:

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 2015.

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.

General Government Committee Recommendation: PY 2015 CDBG Action Plan

The Council referred to General Government Committee consideration of options for CDBG-funded economic activities for Program Year 2015 (September 1, 2015 - August 31, 2016). The Committee considered a number of options for PY 2015 activities and recommends the activities shown in the attached Draft CDBG PY2015 Action Plan (Attachment 2). A citizen's summary of the Draft Action Plan is provided in Attachment 3. Details about the ADA Accessibility priority discussed by General Government Committee is in Attachment 4.

The Committee also considered options to carry out the Olympia Comprehensive Plan Policy PL16.4:

“Disperse low and moderate-income and special needs housing throughout the urban area.”
(*Note: Other housing policies are included under Comprehensive Plan goals PL 16, and PS 5-9. Also note that 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 Committee recommends including the follow policy language into the consolidated plan to implement the Olympia Comprehensive Plan housing policies:

- 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.

City Council Discussion May 5, 2015

At its May 5 meeting, the City Council discussed the General Government Committee’s recommendation. Following discussion, the Council directed staff to bring back options at the May 19 Council meeting on these alternatives:

1. Develop an alternative to the ADA Curb-cut project that would instead add funding to the Grow Olympia Fund (small business loan fund).
2. Remove the policy language from the draft Action Plan that was recommended by the Committee.

A Grow Olympia Fund option is described in Attachment 5 to replace the ADA curb-cut project.

CDBG PY2015 Action Plan Timeline and Process:

The remaining timeline to develop the PY 2015 Annual Action Plan includes the following steps:

The City will receive public comments on the proposed Program Year 2015 Annual Action Plan from citizens during the 30-day public comment period running from May 22 to June 22, 2015, which features a public hearing on June 2, 2015.

Council approval and submission of PY 2015 Annual Action Plan is scheduled for July 7th.

The CDBG Annual Cycle is illustrated in Attachment 1.

Neighborhood/Community Interests (if known):

The PY 2015 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 PY2105 CDBG Action Plan.
2. Direct staff to modify the draft PY2015 CDBG Action Plan, and to schedule a thirty-day public comment period, including a public hearing.

Financial Impact:

HUD estimates the City's PY 2015 grant award will be \$338,265. The City also anticipates receiving an estimated \$120,000 in CDBG program income, for a total of \$458,265 in CDBG funding for PY 2015 (September 1, 2015 - August 31, 2016).