



## City Council

### Approval of Community Development Block Grant (CDBG) Program Year 2016 Action Plan

**Agenda Date:** 7/12/2016  
**Agenda Item Number:** 4.F  
**File Number:** 16-0754

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

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#### **Title**

Approval of Community Development Block Grant (CDBG) Program Year 2016 Action Plan

#### **Recommended Action**

##### **Committee Recommendation:**

Move to approve CDBG Program Year (PY) 2016 Action Plan.

##### **City Manager Recommendation:**

Move to approve the recommendation from the General Government Committee to approve the CDBG Program Year 2016 Action Plan.

#### **Report**

##### **Issue:**

Whether to approve the proposed CDBG Program Year 2016 Action Plan.

#### **Staff Contact:**

M. Anna Schlecht, CDBG Program Manager, Community Planning & Development Department  
360.753.8183

#### **Presenter(s):**

None - Consent Item

#### **Background and Analysis:**

Each year the General Government Committee reviews options and develops goals for the upcoming CDBG Program Year. As identified in the attached CDBG Annual Cycle, this process starts in October or November of the prior program year and concludes with the CDBG Annual Action Plan that is submitted to the federal Housing and Urban Development (HUD) regional office by July 15 of the subject year. CDBG Program Year 2016 runs from September 1, 2016 - August 31, 2017.

The City's CDBG allocation for Program Year 2016 will be \$340,892 with an estimated \$150,000 in program income from prior year projects for a total of \$490,892 in CDBG funds. Of this amount, staff estimates that there will be approximately \$392,714 available for programs and projects during PY

2016.

**CDBG Regulatory Guidelines:** Federal regulations limit flexibility in project spending in several primary ways:

1. CDBG funds must be allocated for clearly identified, specific projects (i.e., the Isthmus Park Building Demolition in 2015) or for defined programs with clear guidelines for activities (i.e., the CPTED Program).
2. Federal regulations require the timely expenditure of funds to ensure that tax monies are not “banked” indefinitely for the future so that no more than 1.5 times the annual allocation can remain unspent.
3. Funds for direct social services are capped at 15% of total CDBG expenditures (approximately \$73,000).
4. Over each 3-year period, at least 70% of the City’s CDBG expenditures must provide benefit to low-to-moderate income people.

The attached PY2016 Action Plan project list recommended by General Government Committee meets these requirements.

**Committee Recommendation:**

The Council accepted the General Government Committee recommended activities identified in the proposed CDBG Program Year 2016 Action Plan. Additionally, the City Council accepted the committee recommendation to revise the Five-Year CDBG Consolidated Plan strategies to prioritize housing rehabilitation and social services, along with continued activity on the original priority of economic development established in the initial plan.

The proposed PY 2016 CDBG activities are described as follows:

- 1) **\$98,178 Program Administration** essential to continue the City’s CDBG program in a compliant manner with federal requirements.
- 2) **\$55,397 CRC Downtown Ambassador Program** Street outreach portion of the Ambassador Program that provides referrals and limited services to homeless, mentally ill and other street dependent people. ***Please note: this contains 10% Activity Delivery Costs for staffing. (continuing existing program)***
- 3) **\$27,500 Crime Prevention Through Environmental Design (CPTED)** Program is intended to provide loan funds to projects that increase safety and reduce crime downtown. ***Please note: this contains 10% Activity Delivery Costs for staffing. (continuing existing program)***
- 4) **\$200,000 Providence Community Care Center** in downtown Olympia, offering one-time funding for improvements in an existing building to establish this community center intended to

serve homeless, mentally ill and other street dependent people. While the primary beneficiaries of this facility will be the street dependent people who reside in downtown, it is anticipated that there will be significant ancillary benefits for the businesses as well as the cultural and economic environment of downtown.

- 5) **\$44,817 Micro-Enterprise or small business training programs** for low- and moderate-income entrepreneurs and business owners. ***Please note:*** *this contains 10% Activity Delivery Costs for staffing.*
  
- 6) **\$65,000 - Housing Rehabilitation:** Funding for housing rehabilitation projects that improve the quality of existing housing for low- and moderate-income people. ***Please note:*** *These funds were originally proposed for the annual debt service payment on the City's Section 108 Loan Guarantee Program, however, an amendment to the current PY 2015 CDBG Annual Action Plan funded the pre-payment of this annual obligation. Contains 10% Activity Delivery Costs for staffing.*

### **CDBG Public Process:**

The City's CDBG Citizen Participation Plan requires a 30-day period to allow review of the specific activities and locations where the City proposes to invest CDBG funds in PY 2016. The City notified citizens and other stakeholders of this public process would run from June 10<sup>th</sup> through July 11<sup>th</sup>, 2016, with the steps of the process described as follows:

#### **June 10, 2016: Commencement of CDBG Public Process**

The City prepared the draft PY 2016 CDBG Annual Action Plan and released it for review and public comment on Friday, June 10, 2016. This plan was made available in the full HUD required format as well as an auxiliary four-page "***CDBG Citizens Summary***" for easier citizen access to the information. This 30-day public comment period (June 10, 2016 - July 11, 2016) was announced as follows: 1) published legal notice; 2) City website notice; 3) direct email notice to stakeholders; and, announcements at appropriate community meetings of stakeholders.

Citizens were advised to submit their comments in one of the following methods:

**Email:** [citycouncil@ci.olympia.wa.us](mailto:citycouncil@ci.olympia.wa.us) <<mailto:citycouncil@ci.olympia.wa.us>>  
**Mail:** Olympia City Council, PO Box 1967, Olympia, WA 98507  
**Testify:** Public Hearing, 7 pm Tuesday June 21, 2016

#### **June 21, 2016: Public Hearing**

Council held a public hearing during the 30-day public comment period on the draft PY 2016 CDBG Annual Action Plan in order to receive public comments. All comments are attached to this staff report and contained within the PY 2016 CDBG Annual Action Plan. (***Please note:*** any comments received after the submission of this staff report but prior to the July 11<sup>th</sup>

deadline will be photo-copied at placed on Council desks on July 12, 2016.)

**July 11, 2016: Closure of Public Process:**

After 30 days, the City will close the CDBG public process, collect all public comments and incorporate them into the final draft PY 2016 Annual Action Plan. The City will finalize the draft PY 2016 CDBG Action plan for review and submittal.

**July 12, 2016: Council Approval**

Tonight, the Council will review and approve the draft PY 2016 CDBG Annual Action Plan, and direct staff to submit the full document to HUD on or before July 15, 2016.

**July 15, 2016: Submission of Annual Action Plan:** The City will submit the PY 2016 CDBG Annual Action plan to HUD.

**Neighborhood/Community Interests:**

All Olympia residents have an interest in how CDBG funds are allocated. A 30-day public comment process, including tonight's public hearing, was held before the City Council adopts the PY 2016 CDBG Action Plan.

**Options:**

1. Move to approve PY 2016 CDBG Action Plan.
2. Delay the approval of the PY 2016 CDBG Action Plan and direct staff to conduct further research on one or more potential projects for further consideration. Please note this option may risk loss of funding by delayed submittal to HUD.

**Financial Impact:**

The City will receive \$340,892 in PY 2016 CDBG funds along with an estimated \$150,000 in prior year program income for a total of \$490,892.

**Attachments:**

Draft CDBG Program Year 2016 Activities  
CDBG Program Milestones  
Program Year 2016 CDBG Annual Action Plan  
Citizen Summary CDBG Program Year 2016 Action Plan