



## General Government Committee

### Recommendation for Community Development Block Grant (CDBG) Funding for Program Year (PY) 2017

**Agenda Date:** 4/26/2017  
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#### **Title**

Recommendation for Community Development Block Grant (CDBG) Funding for Program Year (PY) 2017

#### **Recommended Action**

##### **Committee Recommendation**

Not referred to a committee.

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

Approve Staff recommendations for Community Development Block Grant (CDBG) Funding for Program Year (PY) 2017 activities and forward to full Council for consideration.

#### **Report**

##### **Issue:**

Whether the recommended Program Year 2017 CDBG activities should be approved in order to spend down CDBG funds in a timely manner.

##### **Staff Contact:**

Anna Schlecht, Community Service Programs Manager, Community Planning & Development Department, 360.753.8183

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

Leonard Bauer, Community Development Department Deputy Director  
Anna Schlecht, Community Service Programs Manager

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

**Overview:** Staff seeks the General Government Committee's consideration of its recommendations for PY 2017 CDBG Program that will be forwarded to the Council for the development of a DRAFT PY 2017 CDBG Annual Action Plan. The details of the preliminary recommendations from staff are attached for consideration. Staff estimate there will be \$475,000 in available funds for allocation.

The public process for PY 2017 CDBG Annual Action Plan began in November 2016 with the Committee's initial discussions of funding priorities. The General Government Committee held another discussion on February 3, 2017 and directed staff to hold a CDBG Open House to solicit ideas from CDBG stakeholders. Two Open Houses were held on April 12 and 13, 2017. A record of participants with their ideas itemized is attached. A comprehensive listing of all of the "Total Requests - PY 2017 CDBG Program" is also attached.

The City must allocate funds for an estimated amount of \$475,000 according to the attached timeline. This is described in more detail below. All City funding recommendations should support the timely "**spend-down**" or expenditure of funds to ensure compliance with HUD regulations.

**Source of CDBG Funds:** The City estimates there will be approximately \$350,000 from the PY 2017 federal CDBG fund distribution, supplemented by an additional \$125,000 in new program income for a total of \$475,000 in CDBG funds to be allocated. These funds must be allocated for activities that will expend funds in a timely manner by June 30, 2018.

If the City receives program income from past housing rehabilitation loans in excess of projections, staff will advise the Council of an opportunity for additional allocations. If less than the anticipated amount of Program Income is received, staff recommends that the greater or lesser amount be allocated to housing rehabilitation, as a continuation of the prior year Housing Rehabilitation Program activities.

**PY 2017 CDBG Public Timeline and Public Process:** The Committee must review the preliminary staff recommendations for funding and finalize their own recommendations for PY 2017 CDBG funds. Once Council reviews these recommendations, the City will then commence a public process to allow for a 30-day Citizen Participation Process as follows:

<b>February 3, 2017</b>	General Government Committee initial review
<b>April 26, 2017</b>	<b>General Government Committee develops recommendations</b>
<b>June 6, 2017</b>	Council Action to Start Allocation Process
<b>June 7 - July 7</b>	Public Comment Process
<b>June 20, 2017</b>	CDBG Amendments Public Hearing
<b>July 11, 2017</b>	Council Approval - Consent Calendar
<b>July 15, 2017</b>	Submit PY 2017 CDBG Annual Action Plan to HUD

**Program Income and Spend-down Deadlines:** HUD regulations require that the City spend down to 1.5 times its current grant. The regulatory intent is to ensure that tax-payers money is used promptly to meet community needs. In PY 2017, the **initial target amount is to spend down to \$525,000 by June 30, 2018**. Because of the difficulty in estimating CDBG Program Income, the City often amends its current Annual Action Plan at some point during the program fiscal year in order to fund projects that will expend money in a timely fashion.

### **CDBG Background**

**CDBG Purpose:** The Community Development Block Grant (CDBG) Program was created as a

“bundled” federal aid program intended to aid the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. The program was designed with flexibility to allow communities to determine how to meet the specific local needs of low-moderate income individuals.

**CDBG Annual Action Plan Referral:** Every year the Council refers the initial review of the CDBG Program to General Government Committee for the purpose of developing recommendations on priorities and the public process for the coming program year.

**Options for CDBG-funded Activities:** The current CDBG Five-Year Consolidated Plan identifies the following five key strategies:

**Housing Rehabilitation - *PRIORITY***

Examples: Renovation of Smith Building to create housing units. Can include both acquisition and rehabilitation as conducted by Homes First!

**Public Services - *PRIORITY***

Examples: Capital Recovery Center Ambassador Program.

**Public Facilities**

Examples: Providence Community Care Center.

**Land Acquisition**

Examples: Purchase of Griswold’s Building.

**Economic Development**

Examples: Business training programs; CPTED Safety projects.

The above five priorities were identified in the City’s strategic plan, the Five-Year Consolidated Plan (2013 - 2017). While Housing Rehabilitation and Public Services were identified as the highest priorities for the current annual action plan, the other three identified strategy areas are also eligible. Additionally, the Council could decide to add other CDBG-eligible strategic goals based on current conditions not anticipated at the time of the Five-Year Consolidated Plan development.

**Neighborhood/Community Interests (if known):**

The federal CDBG Program offers a flexible source of funding to meet a wide variety of affordable housing, social service, economic development and other community development needs. All neighborhoods and community stakeholders have an interest in how CDBG funds are invested in community development programs and projects.

**Options:**

1. Approve the Staff recommendations for Community Development Block Grant (CDBG) Funding for activities for Program Year (PY) 2017.
2. Ask staff for additional information or revisions to the preliminary recommendations. [Note: This option may jeopardize the City’s ability to meet HUD-required schedule for adoption of CDBG PY 2017 Action Plan.]

**Financial Impact:**

Staff estimates there will be approximately \$475,000 in federal CDBG funding that can be included in a PY2017 CDBG Annual Action Plan.

**Attachments:**

Preliminary Staff Recommendations - CDBG Program Year 2017

PY 2017 CDBG Program Open House Comments

Olympia CDBG Program - Annual Cycle

Total Requests - PY 2017 CDBG Program