



City Council

Approval of the Program Year 2017 Community Development Block Grant Annual Action Plan

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Title

Approval of the Program Year 2017 Community Development Block Grant Annual Action Plan

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve the Program Year 2017 Community Development Block Grant Annual Action Plan and direct staff to submit to HUD on or before July 15, 2017.

Report

Issue:

Whether to approve the Draft Program Year 2017 Community Development Block Grant Annual Action Plan.

Staff Contact:

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Presenter(s):

Anna Schlecht, Community Service Programs Manager

Background and Analysis:

Overview: Each year, the City prepares a one-year strategic plan for investing Community Development Block Grant (CDBG) Program funding on eligible community development projects. The one year plan is developed in the context of a five-year strategic plan called the CDBG Consolidated Plan which lays out key strategies to meet the identified needs. The Draft Program Year (PY) 2017 CDBG Annual Action Plan proposes a set of strategic activities to be funded during PY 2017 (September 1, 2017 - August 31, 2018).

This Draft CDBG Annual Action Plan was developed at the April 26, 2017 meeting of the General Government Committee. On June 6, 2017, the Council reviewed and released the Draft plan for a 30

day Public Comment Period (June 7, 2017 - July 7, 2017) as required by the CDBG Citizen Participation Plan. During this Public Comment Period, the Council held a public hearing on June 20, 2017 to hear testimony on the proposed Draft Program Year 2017 Community Development Block Grant (CDBG) Annual Action Plan. This staff report presents the written comments received as of June 29, 2017 along with draft minutes from the PY CDBG Annual Action Plan Public Hearing. Staff will provide any other public comments received by the deadline (July 7, 2017) by placing them on the Council desks prior to the meeting.

Council ensures that all CDBG-funded activities will be: 1) CDBG eligible as detailed in CFR 24 Part 570; and 2) likely to be completed by the spend-down deadline of June 30, 2018. CDBG regulations are further described in the attached “CDBG Program Regulations” document. Council may also consider how these recommended activities support regional goals for housing, homeless services, social services and economic development. Additionally, the Council may consider the potential impact of proposed federal budget cuts to reduce or eliminate the CDBG Program.

PY 2017 CDBG Public Timeline and Public Process: The public process for the draft PY 2017 CDBG Annual Action Plan began with the General Government Committee’s (GGC) November 2016 agenda. The General Government Committee held another discussion at their February 3, 2017, meeting 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, and followed the Committee’s direction to solicit ideas rather than more formal proposals. A record of the participants and their ideas is attached along with a comprehensive listing itemized as **“Total Requests - PY 2017 CDBG Program”**.

The General Government Committee reviewed the results of the Open Houses and discussed these recommendations at their April 26 meeting. Once the draft PY 2017 Annual Action Plan is completed, the City’s CDBG **“Citizen Participation Plan”** requires that the City holds a public process to allow for a 30-day Citizen Participation Process to solicit public comments. The Council held a public hearing on June 20, 2017. An overview of the City’s public process is as follows:

February 3, 2017	General Government Committee review
April 12 & 13, 2017	CDBG Open Houses
April 26, 2017	General Government Committee discusses Recommendations
June 6, 2017	Council Action to Start Public Process for Draft Plan
June 7 - July 7, 2017	Public Comment Process
June 20, 2017	PY 2017 CDBG Annual Action Plan Public Hearing
July 11, 2017	TONIGHT: Council Approval - Consent Calendar
July 15, 2017	Submit PY 2017 CDBG Annual Action Plan to HUD

Amount and Source of CDBG Funds: The City estimates there will be approximately \$484,441 in CDBG funds for the PY 2017 Annual Action Plan. This includes \$329,411 from the federal CDBG fund distribution, supplemented by an additional \$155,000 in new program income. These funds must be allocated for activities that will expend funds in a timely manner by June 30, 2018 as detailed in the attached **“CDBG Program Regulations”**.

If the City receives additional 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 a lesser amount be allocated to housing rehabilitation activities.

Committee Recommended Activities:

After considering other options, the General Government Committee recommended the following projects for the CDBG Program Year 2017 Action Plan. The recommendations follow the committee's previous recommendation that the Five-Year CDBG Consolidated Plan strategies prioritize housing rehabilitation and social services, a change from the original priority of economic development established in the initial plan.

The recommendations include the following:

- 1) **90,000 Program Administration** essential to continue the City's CDBG program in a compliant manner with federal requirements.
- 2) **\$65,000 Section 108 Debt Service:** Required repayment of CDBG Section 108 Loan Guarantees which previously funded downtown safety projects (ADA curb cuts and alley lighting projects)
- 3) **\$55,000 CRC Downtown Ambassador Program** Street outreach portion of the walking 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)***
- 4) **\$75,000 Crime Prevention Through Environmental Design (CPTED) Program** 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)***
- 5) **\$100,000 Interfaith Works Day Center** Secure an appropriate location for a potential year-round facility, offering a day center for both cold weather and warm weather. Optionally, the Day Center could ultimately serve as part of a 24/7 facility that provides accommodations for homeless, mentally ill and street dependent people during the day and emergency shelter housing at night. ***(Please note: up to \$35,000 of funding can be utilized for social services and \$65,000 or more must be utilized on facility-related costs such as tenant improvements, long-term lease or property purchase).***
- 6) **\$25,000 Economic Development Council's Business Training "Tune-Up" program** for business owners. ***Please note: this contains 10% Activity Delivery Costs for staffing.***
- 7) **\$35,000 Olympia Downtown Association's Business Training and Technical Assistance Program** for low- and moderate-income entrepreneurs and business owners. ***Please note: this contains 10% Activity Delivery Costs for staffing.***
- 8) **\$39,441 - Housing Rehabilitation:** Funding for housing rehabilitation projects that

improve the quality of existing housing for low- and moderate-income people. Housing Rehabilitation projects can involve property acquisition if the project includes both purchase and housing rehabilitation. ***Please note:*** 1) *These funds will supplement ongoing housing rehabilitation projects.* 2) *Contains 10% Activity Delivery Costs for staffing; and,* 3) *This budget amount will be indexed the actual amount of CDBG Program Income (PI) received, i.e. less PI equals less funding for Housing Rehabilitation.*

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;
- a suitable living environment; and,
- expanding economic opportunities,

Projects should principally benefit 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 City is entering its final year of the current CDBG Five-Year Consolidated Plan (2013 - 2017) which 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.

Proposed Federal Cuts to the CDBG Program

The federal administration recently released its proposed federal fiscal year 2018 budget (October 1, 2017 - September 30, 2018), which proposes the elimination of the Housing and Urban Development Department's **Community Development Block Grant (CDBG) Program**, and the transfer of all fiscal support for block grant program activities to the State and local level. The Budget also proposes the elimination of HUD's *HOME Investment Partnerships Program*. Both of these programs are the primary sources of funding for the County's Homeless Housing Plan. The City of Olympia's Annual Action Plan years begins September 1, 2017, one month prior to the federal fiscal year. Because of that time difference, and the uncertainty of what the eventually-adopted federal budget may contain, staff recommends proceeding with public review of the proposed CDBG Annual Action Plan.

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. Move to approve the Program Year 2017 Community Development Block Grant Annual Action Plan and direct staff to submit to HUD on or before July 15, 2017.
2. Do not approve the Program Year 2017 Community Development Block Grant Annual Action Plan and do not direct staff to submit to HUD on or before July 15, 2017. [Note: This option will 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 \$484,441 in federal CDBG funding that can be included in a PY2017 CDBG Annual Action Plan.

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.

Attachments:

Draft CDBG PY 2017 Annual Action Plan & Citizen Summary
PY 2017 CDBG Annual Action Plan - Public Comments as of 6.29.17
PY 2017 CDBG Annual Action Plan - Public Hearing Agenda & Draft Meeting Minutes

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Olympia CDBG Program - Annual Cycle