



**General Government Committee**  
**Second Amendment to CDBG Program Year**  
**2017 (9/1/17 - 8/31/18) Priorities**

**Agenda Date:** 10/6/2017  
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**Title**

Second Amendment to CDBG Program Year 2017 (9/1/17 - 8/31/18) Priorities

**Recommended Action**

**Committee Recommendation:**

Not referred to a committee

**City Manager Recommendation:**

Identify and recommend priorities for a second Amendment to CDBG Program Year 2017 (9/1/17 - 8/31/18).

**Report**

**Issue:**

Whether to identify the City's priorities for a second Amendment to CDBG Program Year 2017 (9/1/17 - 8/31/18).

**Staff Contact:**

Anna Schlecht, Community Service Programs Manager, Community Planning and Development Department (360-753-8183).

**Presenter(s):**

Anna Schlecht, Community Service Programs Manager.  
Keith Stahley, Community Planning & Development Department Director.

**Background and Analysis:**

This item was originally added to a previously scheduled agenda item on CDBG priorities at the September 15, 2017 General Government Committee meeting. For the purpose of simplifying these CDBG processes, the proposed amendments of PY 2017 is now a separate agenda item for tonight's meeting.

**Need for Amendment** The current CDBG Program Year (PY) 2017 (September 1, 2017 - August 31, 2018) must be amended to re-program a total of \$700,000. These funds come from the following

sources: unanticipated Program Income during PY 2016 (9/1/16 - 8/31/17); cancelled PY 2017 activities (Warming Center); unspent prior year cumulative funds; and, un-allocated CDBG Program Income (PI) from the discontinued Rental Rehabilitation Program. Together, these funds must be allocated for CDBG-eligible activities that can be completed in a timely fashion and ensure that funds will be expended quickly.

**CDBG Public Process** - Tonight begins the CDBG Amendment process in which the Committee will discuss priorities for re-programing these funds. Then the Committee will make recommendations to the Council. The Committee will consider the staff recommendations and other options before deciding what proposed activities to include in their draft amendments to the current PY 2017 Program Year. As a “Substantial Amendment” to the current Action Plan, these draft amendments must go through the City’s CDBG Public Process which allows for 30 days of public comment and includes a public hearing on the proposed amendments. At the conclusion of the public process, the Council makes a final decision on the proposed allocations and directs staff to start work on those projects.

The Council can choose one or a combination of the process options listed as follows to identify priority activities:

- **“Direct Select” Staff Recommendations** The Committee can take the staff recommendations as listed below as “*Direct Select*” activities;
- **“Direct Select” Committee Recommendations** - The Committee can chose other activities and providers (aka Sub-recipients) as “Direct Select” activities; or,
- **“Request for Proposals (RFP)”** The Committee can direct staff to issue a RFP to generate proposals in specific or general CDBG activity areas. This RFP procurement process will identify projects or programs through a competitive process (aka CDBG Contractors). *Please note:* this process may take more time and committee action, thereby adding to timeliness concerns.

**Charting the Options** -The attached chart will be used to help guide tonight’s discussion of options to amend the PY 2017 Action Plan. Please note that this discussion of CDBG funds is separate from the discussion later this evening on setting goals for the next CDBG Program Year 2018 (9/1/18 - 8/31/19) and establishing strategies for the next Five-Year CDBG Consolidated Plan (2018 - 2022).

**Staff Recommendations** Staff developed the following preliminary recommendations based on the following considerations:

- 1) Support for Original PY 2017 Activities:** Following the cancellation of the Warming Center project, Interfaith Works has redirected their focus to provide homeless services at the new Community Care Center’s (CCC) daily operations in the downtown core. Staff recommends using the funds to support the Interfaith Works staff plan at the CCC. Staff also recommend converting the Housing Rehabilitation funds to Public Facility funds to support a

housing project with a sewer connection.

**2) Support for Affordable Housing Projects:** More affordable housing has been identified as a significant need by the Council's Ad Hoc Committee on Housing Affordability (AHCOHA) and in the following plans: CDBG Consolidated Plan, Downtown Strategy Plan, and two soon to be released plans - - the Thurston County Five-Year Homeless Housing Plan and the Regional Fair Housing Plan. Due to regulatory constraints, land acquisition is the primary way that CDBG funds are used to support new construction of affordable housing.

**3) Projects Ready to Go:** The city needs to improve its spend-down timeliness by selecting projects that are ready to go and certain to expend funds quickly. One of the preliminary recommendations is already underway, the second will have a predictable project timeline.

Based on those considerations, staff offer the following preliminary recommendations:

**\$100,000\*    Community Care Center (CCC) and Winter Warming Center Staffing** In lieu of a Warming Center, Interfaith Works staff are providing core services at the CCC and the Salvation Army has expressed an interest in expanding their services to include daytime sheltering. Social Services cap (15 percent) is raised by utilizing Rental Rehab Program Income.

**\$39,441\*\*    Foundation for the Challenged - Public Facility Sewer** The City was contacted by Foundation for the Challenged (FFC) during the public process to produce the current PY 2017 Action Plan. They requested up to \$50,000 in CDBG funds to provide a sewer line for their County HOME Program-funded housing project on Olympia's Northwest side for disabled residents. (**PLEASE NOTE: No change to funding level, only HUD activity category**)

**\$17,500\*    Micro Enterprise Training & Assistance** Continue to support the Enterprise for Equity Micro Enterprise Program.

**\$582,500\*    Land Acquisition** Purchase of property to support an affordable housing project partnership to create new units for low income residents

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**\$700,000    TOTAL PROPOSED AMENDMENTS**

*\*Includes Activity Delivery Costs (ADC).*

*\*\*Recommendation to change the activity from Housing Rehabilitation to Public Facilities to fund a sewer line to support a new housing project - no additional funding.*

## **CDBG Program Overview**

**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.

**Consolidated Plan Strategies for PY 2017** - Below is the list of current strategies from the **CDBG Consolidated Plan** (2013 - 2017) that guide this allocation process along with recent examples of activities identified by staff:

**1. Economic Development**

*Examples:* Business training programs; CPTED Safety projects.

**2. Public Facilities**

*Examples:* ADA curb Cuts, Warming Center Tenant Improvements, Community Care Center Tenant Improvements

**3. Land Acquisition**

*Examples:* Purchase of Griswold’s Building; Land for Drexel I / Devoe II

**4. Clean-up of Contaminated Sites**

*Examples:* Isthmus Building Demolition Asbestos removal

**5. Housing Rehabilitation**

*Examples:* Homes First, LIHI Fleetwood Building. Can include both acquisition and rehabilitation as conducted by Homes First!

**6. Public Services**

*Examples:* Downtown Ambassador Program.

**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) Identify and recommend priority amendments for Program Year 2017 (9/1/17 - 8/31/18) Community Development Block Grant Program (CDBG) to ensure timely expenditure of funds.
- 2) Delay the process to identify amendments for Program Year 2017 (9/1/17 - 8/31/18) Community Development Block Grant Program (CDBG) and risk Timeliness problems.

**Financial Impact:**

Amendments to Program Year 2017 (September 1, 2017 - August 31, 2018) will guide the investment of an estimated \$700,000 will add an additional \$600,000 to the PY 2017 Action Plan \$484,441 (*the cancelled Warming Center - \$100,000 was included in the original PY 2017 allocations of \$484,441*). This will bring the total of PY 2017 Program to \$1,084,441 in CDBG funding.

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**Attachments:**

Chart of Proposed Amendments