



City Council

Launch of the 2019 Community Development Block Grant (CDBG) Annual Action Plan and Public Process and an Amendment to the 2018 CDBG Annual Action Plan

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Title

Launch of the 2019 Community Development Block Grant (CDBG) Annual Action Plan and Public Process and an Amendment to the 2018 CDBG Annual Action Plan

Recommended Action

Committee Recommendation:

The General Government Committee discussed options for the 2019 (PY 2019: 9/1/19 - 8/31/20) Community Development Block Grant (CDBG) Annual Action Plan and Public Process at its January 23 and February 26, 2019, meetings.

City Manager Recommendation:

Launch the 2019 (PY 2019: 9/1/19 - 8/31/20) Community Development Block Grant (CDBG) Annual Action Plan and Public Process and amend the current 2018 CDBG Annual Action Plan based on recent information.

Report

Issue:

Whether the City should launch the PY 2019 CDBG Annual Action Plan public process and simultaneously amend the current PY 2018 Annual Action Plan to provide tenant assistance to displaced Angelus Hotel tenants?

Staff Contact:

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

Presenter(s):

Anna Schlecht, Community Service Programs Manager.

Background and Analysis:

Tonight's Goal: There are two goals for this item. The first is to launch the public process for the Program Year (PY) 2019 (9/1/19 - 8/31/20) Community Development Block Grant (CDBG) Annual

Action Plan. The second is to amend the current PY 2018 to allocate approximately \$56,000 in CDBG loan payments from the former Angelus Hotel project to assist the 29 tenant households that will most likely be displaced by the new owner's major renovation project.

#1 PY 2019 Annual Action Plan Launch: the General Government Committee met several times in early 2019 to develop the attached recommendations for CDBG funding. These recommendations maintain a balanced investment in our downtown by providing capital dollars for public facility improvements: Salvation Army Day Center and the Interfaith Works shelter; street outreach to homeless and mentally ill citizens; business training and downtown safety loans. These recommendations are outlined in the attached, "Community Development Block Grant 2019 Action Plan - Citizen Summary."

#2 PY 2018 Substantial Amendment: Since the General Government Committee finalized their recommendations, City staff learned that the Angelus Hotel was sold, which will generate nearly \$56,000 in CDBG program income from a prior year loan. Unfortunately, the City was also notified that the new owner plans a major renovation project that will most likely displace all 29 low income households. In order to prevent potential homelessness, City staff recommend the creation of a limited scope Tenant Assistance program, to be operated in partnership with a local rental assistance provider and funded with the estimated \$56,000 in CDBG loan repayments. This recommended program is described in greater detail in the attached, "Assistance for Displaced Tenants in CDBG-funded Properties." This recommendation is considered a "Substantial Amendment" by HUD regulations and must go through a public process that can run concurrently with the 2019 Annual Action Plan.

CDBG Program Purpose: The CDBG Program was created as a "bundled" federal program intended to aid the development of viable urban communities, by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Regulations for the CDBG Program are contained in 24 CFR 570.

Prior Discussions: This is the first Council discussion on the CDBG PY 2019 Annual Action Plan. General Government discussed recommendations at their January 23 and February 26 meetings. Options for alignment of the CDBG Program and the Home Fund have been addressed at numerous meetings during calendar years 2017 and 2018. This is the first Council discussion of the proposed Substantial Amendment to create an "Assistance for Displaced Tenants in CDBG-Funded Properties" program. General Government has also not discussed the proposed amendment.

CDBG Public Process: The public process for the PY 2019 CDBG Annual Action Plan is presented in the attached chart, "Olympia CDBG Program - Annual Cycle," and is summarized as follows:

January 23, 2019	General Government Committee review of PY 2019 options
February 26	General Government Committee developed recommendation
May 7	Council launch of the CDBG Citizen Participation Process
May 8 - June 8	30 Day CDBG Citizen Participation Process
June 4	Council's Public Hearing - PY 2019 CDBG Annual Action Plan
June 18	Council review and approval of draft PY 2018 Annual Action Plan
July 15	Submission of PY 2019 Annual Action Plan to HUD
September 1	Start of PY 2019 CDBG & potential alignment with Olympia Home Fund

The coming PY 2019 will be the second year of the next Five-Year (2018 - 2022) CDBG Consolidated Plan, also referred to as the CDBG Five-Year Strategic Plan.

Five-Year Strategies for CDBG Program: The attached “CDBG Program Five-Year Strategies - Overview” identifies the key strategies selected by Council for investing CDBG funds during the five years between 2018 - 2022. This plan identifies housing as a key strategy, which could potentially align with Home Fund priorities. There is also a need for additional funding for the Salvation Army Day Center project, which received \$300,000 in the PY 2018. Beyond that, there are other activities that have been funded on an annual basis, including the Downtown Ambassador Program, Business Training and the Downtown Safety Program. Staff is seeking initial guidance on Committee priorities to pursue in PY 2019.

Alignment with Home Fund: Throughout the planning of the Home Fund, Council expressed interest in using those funds to leverage other monies including CDBG funds. At this time, the Home Fund is in the midst of a Request for Proposals process. More information on options for alignment will be made available once the Home Fund Review Committee develops recommended allocations.

Neighborhood/Community Interests:

All neighborhoods and community stakeholders have an interest in how federal CDBG funds are invested in community development programs and projects.

Options:

1. Launch the public process for both the Program Year 2019 (PY 2019: 9/1/19 - 8/31/20) Community Development Block Grant (CDBG) Action Plan and amend the current 2018 CDBG Annual Action Plan'
2. Delay the launch of the public process for both the Program Year 2019 (PY 2019: 9/1/19 - 8/31/20) Community Development Block Grant (CDBG) Action Plan and the Substantial Amendment of PY 2018 (9/1/18 - 8/31/19) and direct staff to provide additional information for future consideration.

Financial Impact:

PY 2019 Financial Impact: (September 1, 2019 - August 31, 2020) Annual Action Plan will guide the investment of an estimated \$450,000. This estimate includes \$368,906 in confirmed new PY 2019 CDBG funds along with \$81,094 in CDBG Program Income. This estimate will be updated with the actual CDBG annual entitlement along with revised estimates of program income by Spring. At that time, staff can provide the most current estimates of Olympia Home Funds that could potentially be allocated in conjunction with CDBG funds.

PY 2018 Substantial Amendment Impact: A Substantial Amendment to the current PY 2018 would allocate approximately \$56,000 in CDBG loan repayments from the Angelus Hotel Project to provide tenant assistance for displaced tenants.

Attachments:

CDBG 2019 Action Plan - Citizen Summary
Assistance for Displaced Tenants in CDBG-funded Properties
Olympia CDBG Program Annual Cycle

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CDBG Five-Year Strategies - Overview