



**TO:** T. C. Broadnax, City Manager  
**FROM:** Ricardo Noguera, Director, Community and Economic Development Department  
Nadia Chandler Hardy, Director, Neighborhood and Community Services  
**SUBJECT:** **Resolution authorizing approval to authorize the 2016-2017 Funding Priorities Statement for the Annual Action Plan of the City’s Consolidated Plan for Housing and Community Development – December 1, 2015**  
**DATE:** November 10, 2015

**SUMMARY:**

The purpose of this memo is to present bi-annual funding priority recommendations for the City’s allocation of Federal housing, economic development and social services funds received from the U.S. Department of Housing and Urban Development (HUD). These funds consist of three core programs: (1) Community Development Block Grant (CDBG); (2) HOME Investment Partnership Program (HOME); and (3) Emergency Solutions Grant (ESG). The overall allocation of federal resources to address community needs is prioritized, in part, through a bi-annual funding priorities process approved by the Tacoma City Council (Council) prior to the start of the application process with community based service providers, developers, program administrators and other interested parties that rely on these funds to implement their community based activities.

**STRATEGIC POLICY PRIORITY:**

The following strategic policy priorities are best aligned to this action.

- Strengthen and support a safe city with healthy residents.
- Ensure all Tacoma residents are valued and have access to resources to meet their needs.
- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

**BACKGROUND:**

The Tacoma City Council biannually approves a Funding Priorities Statement document before the start of the application process for the Consolidated Plan Annual Program. The purpose of the statement is to provide direction for the selection of housing and community development activities. All programs and projects must be consistent with the Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME) or Emergency Shelter Grant Program (ESG), or any other funding source regulations as applicable. CDBG projects must meet one of the three major criteria: (a) benefiting lower income persons, (b) removing blight, or (c) meeting an urgent need. HOME projects must provide housing or assist in housing for low-income persons and ESG projects must provide a service or shelter to benefit homeless persons.

This particular 2-year funding cycle begins during the inaugural year of the 2015-2019 5-year Consolidated Plan and will be in affect during program years 2016-2017 and 2017-2018.

The Funding Priorities are organized into six categories: (1) General; (2) Set-asides; (3) Housing; (4) Community Development; (5) Economic Development; and (6) Human Services. Each of the categories is briefly summarized as follows:

1. **General Priorities** (CDBG and HOME) – Funds will be used to support activities that: (a) are consistent with existing plans (e.g. Consolidated Plan, Comprehensive Plan, Human Services



Strategic Plan); (b) leverage other funding resources when applicable; (c) can be committed funds within 12 to 24 months; (d) are proposed by an organization with a proven capacity for project completion and good management; (e) show reasonable cost effectiveness; and (f) do not need General Fund monies for project operation and maintenance.

2. ***Set-Aside Priorities*** – Set aside amounts from the annual CDBG grant: (a) up to 50% for housing development & rehabilitation. This recommendation is a change from prior years where the allocation was set at 50%; (b) 15% (HUD Maximum) to support human services; and (c) up to \$100,000 for community development (neighborhood improvement projects such as; sidewalk, signalization, ramps and roadway improvements necessary to meet current ADA requirements.
3. ***Housing Priorities*** (CDBG and HOME) – The priorities for housing activities are: (a) homeownership programs that benefit low-income owners with repairs and rehabilitation; (b) programs that assist first-time homebuyers to purchase a home; (c) maintaining and expanding affordable rentals housing for families and the elderly; and (d) provide supportive housing for homeless and/or special needs individuals and families that may include emergency and transitional shelters, and special needs housing with support services. In furtherance of these efforts, maintain minimum output levels for the City’s low-income housing programs: single family homeowner occupied rehabilitation loan program (CDBG); single family rehabilitation grant programs which offer housing maintenance, repair, rehabilitation and energy improvements (CDBG); and Down Payment Assistance for first time home buyers (HOME).
4. ***Community Development Priorities*** (CDBG only) – The priorities for Community Development are activities that support neighborhood improvements for lower income residents such as; (a) payment of LID assessments for lower income homeowners; (b) street-related accessibility improvements such as sidewalk, signalization, ramps and roadway improvements necessary to meet current ADA requirements in lower income neighborhoods with a connection to current high priority housing and economic development projects; (c) eligible neighborhood innovative grant projects; and (d) public facilities.
5. ***Economic Development Priorities*** (CDBG only) – The priorities for economic Development are activities that help increase jobs and business opportunities such as: (a) creation or retention of jobs for lower income persons; (b) business services that support lower income neighborhood and/or lower income groups; and (c) entrepreneurial assistance to include financial and technical aid for disadvantaged persons who own or plan to start a business (CDBG); (d) workforce development programs (CDBG) (e) revitalization of blighted or lower income business districts through historic preservation, conservation actions, targeted façade grant programs (CDBG) and neighborhood economic development (CDBG).
6. ***Human Services Priorities*** (CDBG and ESG) – In 2011, human services funding priorities were updated to align with federal HEARTH legislation and respond to changes in ESG regulations. CDBG funds remained targeted towards low and moderate income persons, with a new emphasis on stabilization services that would support individuals and families to move towards housing and economic stability. A category for youth stabilization services was added to reflect the local priority to provide services to unaccompanied youth who are at risk for or currently experiencing homelessness. ESG funds were re-focused on HUD’s new categories of eligible activities,



including rapid re-housing. These changes were maintained during the review of priorities in 2013. ESG funds will continue to be used for programs which support individuals and families who are experiencing or at risk of experiencing homelessness, as defined by HUD to include street outreach, emergency shelter, rapid re-housing, and homelessness prevention activities. Ten percent of the grant will be reserved for expenses related to administration of the grant and reporting through the local Homelessness Management Information System (HMIS).

**ISSUE:**

At issue is the review of the City's 2-Year Funding Priorities of CDBG and HOME funds. While mentioned in this report, the ESG funds are administered by the City's Neighborhoods and Community Services Department with oversight provided by the Human Services Commission. Also at issue is the opportunity for public comment to be received on the needs within the community that will help to support the proposed 2-Year Funding Priorities. A public notice was published on October 13, 2015 in the legal section of The News Tribune Newspaper specifying the dates and times for members of the public to come and provide such comments to the TCRA and HSC.

On October 14, 2015, the Human Services Commission (HSC) reviewed funding priorities for human services and received public comment on them. A quorum was not present during the meeting, so a vote was not taken. However, the consensus of those in attendance was to keep the funding priorities the same. Staff made a decision to forward the current priorities to Council for the 2016-17 Annual Action Plan and to use them in the upcoming biennial application process for CDBG and ESG funding.

On October 20<sup>th</sup>, 2015, Community and Economic Development (CED) and Neighborhood and Community Services (NCS) staff met with the chairs of the Neighborhoods and Housing Committee and Public Services, Human Services and Education Committee to brief them on staff's recommended priorities prior to presenting the priorities to full Council for review and discussion at the November 24<sup>th</sup> study session.

On October 22, 2015, a needs assessment meeting was conducted and public comments relative to needs in the community received at the regularly scheduled Tacoma Community Redevelopment Authority (TCRA) meeting. Five members of the public attended the Needs Assessment meeting. The individuals represented Metropolitan Development Council, Associated Ministries, Tacoma Housing Authority and Spaceworks Tacoma. Individuals representing Metropolitan Development Council and Tacoma Housing Authority had no comments. An Associated Ministries' staff member explained the Paint Tacoma-Pierce Beautiful program, thanked the City of Tacoma for its support of the program and communicated that the program has a need for more publicity and encouragement necessary to attract volunteers. A representative of Spaceworks Tacoma encouraged the City to ensure that programs funded with grant money have proven themselves worthy of funding and have a history of meeting or exceeding outputs.

On November 24, 2015, CED and NCS will present Council with the bi-annual funding priority recommendations at a regularly scheduled study session.



**ALTERNATIVES:**

The alternatives presented in this report constitute one course of action.

It is based on staff's assessment of the progress made on performing the obligations included in prior 2-Year Funding Priorities and the need to move forward with these recommended Funding Priorities through the recently adopted HUD mandated 2015-19 Consolidated Plan cycle.

However, other options do exist. This would include, but is not limited to, changing the funding mix within the CDBG funding priorities such as allocating more (or less) of the CDBG grant to certain housing related activities. As recommended herein, the new allocation would allow for up to 50% of the CDBG annual award to housing. Other options could involve changes to economic development priorities by emphasizing a preference for service providers that have capabilities that go beyond entrepreneurial training. Other options could be to place greater emphasis on public improvements and infrastructure projects that would benefit lower-income communities. Any significant changes relative to the expenditure of the City's federal allocation would need to be delineated in the Annual Action Plan. The final Annual Action Plan is due to HUD in the spring of 2016. Furthermore, other alternatives of this magnitude might conflict with the existing Consolidated Plan and would have to be approved by HUD.

**FISCAL IMPACT:**

There is no impact to the City's General Fund as a result of this action. Ultimate approval by the Council will provide the foundation for staff to make funding and program recommendations once HUD identifies its allocation amounts available to the City for CDBG, HOME and ESG funds. Specific funding amounts should be made available by HUD in the spring of 2016 and would be presented to the Council for consideration at that time.

**RECOMMENDATION:**

Implementing the recommendations identified in this report will allow staff to have a clear set of parameters on implementing the PY 2016-2017 Annual Action Plan.