



TO: Elizabeth Pauli, City Manager
FROM: Jeff Robinson, Department Director, Community and Economic Development
Linda Stewart, Department Director, Neighborhood and Community Services
COPY: City Council and City Clerk
SUBJECT: Resolution Authorizing Submittal of the Tacoma-Lakewood HOME Consortium 2021-2022 Annual Action Plan to the US Department of Housing and Urban Development – May 11, 2021 and Authorizing the Execution of Three (3) Subrecipient Agreements
DATE: April 26, 2021

SUMMARY AND PURPOSE:

The purpose of this memo is to request authorization from Council for the proper officers of the City of Tacoma to submit the PY 2021 Annual Action Plan (Plan) to HUD no later than May 17, 2021 and authorization to execute two agreements with the TCRA to fund housing and/or economic development programs under the CDBG and HOME Programs as stated in the Plan; and one additional agreement authorizing a Subrecipient Agreement under the HOME Program between the City of Tacoma, the City of Lakewood, and the TCRA to administer and carry-out HOME activities under the Tacoma-Lakewood HOME Consortium.

BACKGROUND:

This Department’s Recommendation is Based On:

CONSOLIDATED PLANNING

As a participating jurisdiction in HUD Community Planning and Development entitlement programs, the City of Tacoma implements the Consolidated Planning process for the Tacoma-Lakewood HOME Consortium. The five-year cycle begins with the development of a Consolidated Plan. The 2020-2024 Consolidated Plan provides the current framework for addressing housing, public services, and community and economic development needs in Tacoma. Yearly Annual Action Plans serve as administrative plans to ensure that annual spending decisions are furthering progress towards meeting the needs identified in the Consolidated Plan. Progress is measured and submitted to HUD at the end of the program year in the Consolidated Annual Evaluation and Performance Report (CAPER).

As part of the Annual Action Planning process, the City is tasked by HUD with determining local funding allocations and service delivery activities for the CDBG, HOME and ESG programs for the upcoming program year, which occurs between July 1st and June 30th.

ANNUAL FUNDING RECOMMENDATIONS

HOME funds and a portion of CDBG funds are allocated by the City through two annual competitive funding opportunities managed by the Housing Division of the Community and Economic Development Department. The CDBG Community and Economic Development Notice of Funding Availability (NOFA) process, which allocates a portion of CDBG funds to minor capital projects, home repair, and microenterprise assistance, coincides with the Annual Action Planning process. An Affordable Housing NOFA process in the spring lays out larger scale housing projects and activities that are incorporated into the Plan at that time.



The TCRA is an independent, non-profit public development authority and advisory group. TCRA members are appointed by the City Council, and have the responsibility for reviewing and recommending programs that meet the CDBG and HOME Investment Partnership priorities related to housing, community and economic development initiatives. Individual service provider recommendations are based on the examination of each application received, review of past performance, availability of funding and applicable interviews conducted.

The HOME allocation is administered within a HUD approved consortium whose members include the cities of Tacoma and Lakewood. Oversight of all HOME activities is conducted by the TCRA. The HOME funds are used primarily for permanent affordable rental housing and affordable homeownership, and they support the TCRA down payment assistance program. These projects are coordinated through a network of non-profit and for-profit developers and local service providers.

The Neighborhood and Community Services Department develops the spending plan for ESG and CDBG Public Services funds. For the 2020-21 program year, CDBG Public Services and ESG contracts were extended for an additional year from an original two-year award for the 2018-19 and 2019-20 program years. This was in order to continue essential services during the pandemic. The original two-year awards from 2018-19 for CDBG Public Services were recommended by the Human Services Commission (HSC) and were aligned with Council-adopted strategic priorities of Housing Stabilization Services, Economic Stabilization Services, and Youth Emergency Stabilization Services.

The original two-year awards from 2018-19 for ESG were recommended by a special ESG Review Panel, due to regulations issued by HUD. ESG funds can be used for the following program components: Street Outreach, Emergency Shelter, Homelessness Prevention, and Rapid Re-Housing. There is a cap on Street Outreach and Emergency Shelter as no more than 60% of the total annual HUD allocation may be used for these two categories.



PROPOSED SPENDING PLAN FOR 2021-2022 CDBG, ESG, AND HOME PROGRAMS

CDBG

Of the CDBG grant allocation of \$2,460,177, 20% (\$492,035) is set aside for administrative purposes correlating with the management of the City’s CDBG program. Just over half (\$1,299,115) is proposed for housing assistance and just over 12% (\$300,000) is to be allocated to fund economic development activities. Recommended allocations are presented in Table 1. Allocations are consistent with two-year funding priorities established in 2020 for 2021-22 biennium.

TABLE 1: COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Total Available 2021-22	\$2,460,177
Uses:	
Administration (20% cap)	\$492,035
Public Service Grants (15% cap)	\$369,026
Housing Assistance Programs	\$1,299,115
Economic Development	\$300,000
Total Uses	\$2,460,177

CDBG Community and Economic Development NOFA

The CDBG Community and Economic Development (CED) NOFA for PY 2021-22 was released on January 19, 2021 to identify projects that will receive funds allocated for Housing Assistance and Economic Development. The notice and instructions for accessing the application were posted in the Tacoma News Tribune, advertised in a City of Tacoma news release, posted on the City’s website, and emailed to all projects funded in the current program year and those listed on an interested parties list.

The application period closed on February 8, 2021. In total, eight (8) applications were received. Two (2) applicants proposed a total of three (3) housing assistance activities and five (5) applicants proposed economic development microenterprise assistance activities. Staff screened each application to confirm its general eligibility under federal program requirements.

Additionally, staff reviewers independently rated all eight (8) applications. Ratings are based on each project’s alignment with City Council funding priorities and other considerations such as cost effectiveness, program need, the project’s ability to leverage CDBG funds, past performance, collaboration efforts, staff capacity, fiscal responsibility, and completeness of the application.

TCRA Funding Recommendations

Following staff review, eligible applications and staff ratings are presented to the TCRA. A total of \$1,199,115 in CDBG funds are being made available for award to Community and Economic Development programs. Of this amount, the TCRA recommends \$899,115 for housing assistance projects and \$300,000 for economic development activities. If approved through the Plan, the projects and amounts in Table 2 will be funded beginning July 1, 2021.



TABLE 2: TCRA FUNDING RECOMMENDATIONS FOR CED NOFA

Organization	Program	Estimated Amount
Housing Programs		
Rebuilding Together South Sound	Tacoma Home Repair	\$660,000
Rebuilding Together South Sound	Rebuilding Day and Safe at Home Projects	\$81,500
Tacoma/Pierce County Habitat for Humanity	Critical Home Repairs for Seniors, Veterans, Persons with Disabilities	\$157,615
	Subtotal	\$899,115
Economic Development Programs		
Tacoma Pierce County Chamber of Commerce	Spaceworks Tacoma- Creative Enterprise	\$150,000
Mercy Corps Northwest	Creating Inclusive Growth	\$150,000
	Subtotal	\$300,000
	Total	\$1,199,115

CDBG Public Services

Fifteen percent (\$369,026) of CDBG funds are allocated for public service programs, which represents the maximum percentage of CDBG funds allowed by HUD for this use. Approximately 50% of CDBG Public Services funding is being recommended for extending all programs currently funded through 2020 CDBG Public Services allocation. Contracts will be extended for six months into the program year (7/1/2021-12/31/2021). The remaining 50% (approximately) will be issued through a competitive request for proposals (RFP) and/or directly allocated for the remaining six months of the program year (1/1/2022-6/30/2022). Recommendations are reviewed by the Human Services Commission (HSC) before they are presented to City Council for final action and submitted to HUD as part of the 2021-2022 Annual Action Plan. Contracts to be extended are outlined in Table 3.

TABLE 3: CDBG PUBLIC SERVICES CONTRACTS TO BE EXTENDED

Organization	Program	Estimated Amount
Catholic Community Services	Homeless Adult Services (emergency shelter)	\$19,500
Korean Woman’s Association	Economic Stabilization	\$16,500
Living Access Support Alliance (LASA)	Prevention Services	\$27,000
New Phoebe House Association	Phoebe Family Reunification, Recovery, and Resiliency	\$10,000
Sound Outreach Services	Credit Up Financial Empowerment	\$36,000
St Leo’s Food Connection	Food Bank	\$10,000
The Rescue Mission	Emergency Services (emergency shelter)	\$35,000
Vadis	Flash (life skills for youth)	\$10,000
YWCA	Domestic Violence Shelter	\$10,000
YWCA	Legal Services	\$12,000
TBD in Quarter 3 2021	TBD in Quarter 3 2021	\$183,026
	Total	\$369,026



ESG
 Of the \$215,615 ESG grant allocation, an Administration cap (for City staff costs) is set at 7.5% (\$16,171). 2.5% (\$5,390) is proposed for staff oversight of the Homeless Management Information System (HMIS), a localized information system used to collect client-level data and service provision activities. The remaining funds (\$194,054) are to be set aside for external contracts as shown in Table 4.

TABLE 4: EMERGENCY SOLUTION GRANT (ESG)

Total Available 2021-22	\$215,615
Uses:	
Administration (7.5% cap)	\$16,171
HMIS Operations (2.5% cap)	\$5,390
External Contracts	\$194,054
Total Uses 2021-22	\$215,615

For PY 2021-22, approximately 50% of the ESG funds set aside for external contracts are being recommended for extending all programs currently funded through the 2020 ESG allocation. Contracts will be extended for six months into the program year (7/1/2021-12/31/2021). The remaining 50% (approximately) will be issued either through a competitive request for proposals (RFP) and/or directly allocated for the remaining six months of the program year (1/1/2022-6/30/2022). Recommendations are reviewed by the Human Services Commission before they are presented to City Council for final action and submitted to HUD as part of the 2021-2022 Annual Action Plan. Contracts to be extended are outlined in Table 5.

TABLE 5: ESG CONTRACTS TO BE EXTENDED

Organization	Program	Estimated Amount
Associated Ministries	Family Permanent Housing (rapid re-housing)	\$16,000
Catholic Community Services	Homeless Adult Services (emergency shelter)	\$10,000
Catholic Community Services	Family Housing Network (day shelter)	\$10,000
Exodus Housing	Rapid Re-Housing for Domestic Violence Survivors	\$16,500
Korean Woman’s Association	We Are Family (WAF) Domestic Violence Shelter	\$10,000
The Rescue Mission	Emergency Services (emergency shelter)	\$10,000
The Rescue Mission	Family Shelter	\$13,500
YWCA Pierce County	Domestic Violence Shelter	\$10,000
TBD in Quarter 3 2021	TBD in Quarter 3 2021	\$98,054
	Total	\$194,054



HOME

Of the HOME grant allocation of \$1,410,150, an Administration cap is set at 10% (\$141,015). The remaining 90% (\$1,269,135) is proposed for Housing Programs and the City of Lakewood. Recommended allocations are presented in Table 6.

TABLE 6: HOME INVESTMENT PARTNERSHIP (HOME)

Total Available 2021-22*	\$1,410,150
Uses:	
Administration (10% cap)	\$141,015
Housing Programs	\$946,211
City of Lakewood (estimate)	\$322,924
Total Uses	\$1,410,150

Through the Annual Action Plan process, HOME funds are allocated by the City Council to the TCRA for oversight. Each program year, the TCRA leads a competitive process to identify HOME-funded programs in support of permanent affordable rental housing, affordable homeownership housing, and down payment assistance.

SUBRECIPIENT AGREEMENTS

City staff request authority from the City Council to enter into three (3) Subrecipient agreements. One agreement with the TCRA to fund housing under the HOME Program in the amount of One Million Eighty Seven Thousand, Two Hundred and Twenty Six Dollars and 00/100 (\$1,087,226), an additional agreement with the TCRA to fund economic development programs under the CDBG in the amount of One Million, Seven Hundred Ninety One Thousand, One Hundred Fifty Dollars and 00/100 (\$1,791,150) and; and one agreement authorizing a Subrecipient Agreement under the HOME Program between the City of Tacoma, the City of Lakewood, and the TCRA to administer and carry-out HOME activities under the Tacoma-Lakewood HOME Consortium in the amount of Four Hundred Thousand Eight Hundred Sixteen Dollars and 00/100 (\$400,816 .00).

Staff also request that City Council authorize staff to increase or decrease the final funding amounts and related agreements as necessary upon receiving final program income amounts and participating consortium members annual percentage breakdown from HUD.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

During a 30-day period, beginning on March 30, 2021 and ending on April 29, 2021, the public is invited to make written comment on the Plan. A public hearing was held during a regular City Council meeting on April 20, 2021. To notify the public, the City published a legal ad in The News Tribune summarizing the contents of the Plan and outlining the opportunity to make written or verbal comment. The In addition, the information was distributed via email, and published in the Tacoma Daily Index and on social media.

As a HUD grantee, the City is required to provide a summary of comments received and why the comments were accepted or rejected when submitting the Plan. The City’s requirements for seeking public input on the plan are outlined in the City’s Participation Plan.



2025 STRATEGIC PRIORITIES:

Equity and Accessibility: (Mandatory)

Eligibility criteria for CDBG, HOME, and ESG grant activities are set by HUD. Households and small business owners earning 80% or less of Pierce County's Area Median Income (AMI) will benefit from recommended projects included in the Plan. ESG funds are used for projects providing services to those who are at risk of, or are currently, experiencing homelessness. Efforts will be made to ensure that historically underrepresented populations are aware of program requirements and benefits. The City allocates its funds citywide. The Equity Index score for the following indicators reflect the citywide score.

Economy/Workforce: Equity Index Score: Moderate Opportunity

Increase the number of Tacoma households that have livable wage jobs within proximity to the city.
Increase the number of diverse livable wage jobs.

Livability: Equity Index Score: Moderate Opportunity

Improve health outcomes and reduce disparities, in alignment with the community health needs assessment and CHIP, for all Tacoma residents
Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.
Increase positive public perception of safety and overall quality of life.

Explain how your legislation will affect the selected indicator(s).

The recommended projects outlined in the Plan have been selected for their ability to address needs and goals outlined in the 2020-2024 Consolidated Plan for housing, community and economic development, homeless assistance, and social services. The City of Tacoma will aim to accomplish the following goals through implementation of the Plan:

- Stabilize existing residents – Through funds for critical and minor home repairs, home beautification projects, and business support services and technical assistance for local small businesses and entrepreneurs.
- Increase diverse rental and homeownership opportunities – Through funds for down payment and other related costs to homebuyers and the city's Affordable Housing Trust Fund, which facilitates the development or rehabilitation of rental or homeownership properties.
- Prevent and reduce homelessness – Through funds for a wide range of services and facilities intended to prevent residents from becoming homeless and serving those experiencing homelessness.
- Support high-quality public infrastructure improvements – Through funds for high quality infrastructure improvements that improve accessibility in conjunction with other housing and economic development investments.

ALTERNATIVES:

The alternatives presented in this report are based on review and analysis of each application for funding and staff's best judgement of program activities that will lead to the preferred outcome as established in the PY 2021-22 Annual Action Plan, which will be submitted to HUD for review and approval on or before May 17, 2021. Other options could include, but are not limited to, changing the funding mix between activities or between individual service providers.



Further alternatives might include revamping the way these services are procured and the types of activities the City wishes to pursue. Changes of this nature would require intensive staff review and would likely jeopardize the HUD-imposed May 17, 2021 Annual Action Plan submittal deadline. It is suggested that any alternatives such as these be pursued after the May 17th date and rolled into a current year plan amendment or addressed in future years' program activities.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Change funding mix between activities or between individual service providers	Further customize federal program funding to meet local needs	Jeopardize the HUD-imposed deadline for submittal of the Plan
2. Revamp the way services are procured and the types of activities the City wishes to pursue	Further customize federal program funding to meet local needs	Jeopardize the HUD-imposed deadline for submittal of the Plan
3. Pursue the above alternatives as an amendment to the Plan	Further customize federal program funding to meet local needs	Postpone the delivery of program services to the community
4. Address the above alternatives in future years' program activities	Further customize federal program funding to meet local needs	No negative impacts are anticipated from this alternative

EVALUATION AND FOLLOW UP:

Progress towards the annual goals will be reported in the City's 2021-2022 Consolidated Annual Performance and Evaluation Report following the close of the program year on June 30, 2022.

STAFF/SPONSOR RECOMMENDATION:

Staff recommends approving the Plan as presented and authorizing the proper officers of the City of Tacoma to submit the Plan to HUD no later than May 17, 2021 and authorizing the execution of two agreements with the TCRA to fund housing and/or economic development programs under the CDBG and HOME Programs as stated in the Plan; and one additional agreement authorizing a Subrecipient Agreement under the HOME Program between the City of Tacoma, the City of Lakewood, and the TCRA to administer and carry-out HOME activities under the Tacoma-Lakewood HOME Consortium.

FISCAL IMPACT:

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1195- CED Federal Grants	730100 – CED Economic Grants	4331281 – Dir Fed HUD CDBG	\$2,460,177
	730100 – CED Economic Grants	4331281 – Dir Fed HUD Home	\$1,410,150



	730100 – CED Economic Grants	4331282- Dir Fed HUD ESG	\$215,615
TOTAL			\$4,085,942

Are the expenditures and revenues planned and budgeted in this biennium’s current budget?

YES

These grant funds are budgeted in the 2021-2022 biennium.

Are there financial costs or other impacts of not implementing the legislation?

YES

Failing to approve the Plan, and as a result, failing to submit the Plan to HUD, will delay or prevent the federal dispersal of CDBG, HOME, and ESG funds.

Will the legislation have an ongoing/recurring fiscal impact?

YES

Will the legislation change the City’s FTE/personnel counts?

NO

ATTACHMENTS:

Draft – Tacoma-Lakewood HOME Consortium 2021-2022 Annual Action Plan