



TO: T.C. Broadnax, City Manager
FROM: Ricardo Noguera, Director, Community and Economic Development Department
Carey K. Jenkins, Housing Division Manager
COPY: City Council; City Clerk
SUBJECT: **Resolution authorizing execution of the PY2016-17 HOME sub-recipient agreements**
DATE: December 13, 2016

SUMMARY:

Authorizing the approval and execution of two sub-recipient agreements under the HOME Program between: 1) the City of Tacoma and the Tacoma Community Redevelopment Authority (“TCRA”); and 2) the City of Tacoma, the City of Lakewood, and the TCRA to administer and carry-out the HOME Program.

STRATEGIC POLICY PRIORITY:

- 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.
- Cultivate a vibrant cultural sector that fosters a creative, cohesive community.
- Assure outstanding stewardship of the natural and built environment.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

BACKGROUND:

On May 3, 2016, Council was requested to make their final funding decisions for submittal to HUD as part of the PY2016-17 Annual Action Plan requirement. The request to Council included the authorization of the allocation of the HOME Investment Partnership (HOME) grant in the amount of \$998,098. Under the Tacoma-Lakewood HOME Consortium Agreement, \$188,641 in HOME funds was to be allocated to the City of Lakewood; and \$709,648 in HOME funds to the TCRA Affordable Housing Fund (AHF).

Each Consortium member’s share of the Consortium allocation is annually prescribed by HUD through a formula allocation. In recent years, the percentage dictated by HUD has been TCRA 78-79%, and Lakewood 21-22%.

ISSUE:

In developing the PY2016-17 HOME sub-recipient agreements, the most recent past percentages were used to form the budgets of each agreement. The FY 2016 HOME Consortia Participating Members Report which is generated by the U.S. Department of Housing and Urban Development (HUD) later identified an unexpected shift in the percentage of each member’s allocation: TCRA 73%, and Lakewood 27%. As a result of this unexpected percent variance and the redistribution of HOME funds between TCRA and Lakewood, Lakewood’s final HOME allocation has increased from \$188,641 to \$244,344. The final allocation for the agreement between TCRA and the City of Tacoma has decreased from \$709,648 to \$653,954.



Furthermore, the City of Tacoma recognizes a need to ensure the availability of funds to the TCRA for administrative costs. HOME Administrative funds in the amount of \$99,810 will be made available to the TCRA through the City of Tacoma and the Tacoma Community Redevelopment Authority HOME sub-recipient agreement.

The issues at hand are three-fold: 1) the percentage by which the HOME funds must be divided has changed somewhat significantly since the approval of the execution of the original sub-recipient agreements; 2) the change has resulted in an increase in funds sub-awarded to Lakewood. The increase is such that the award now exceeds \$200,000, which is the threshold at which the City's policies require Council approval; and 3) the change has resulted in fewer funds to be allocated to the City of Tacoma; however, an additional budgetary revision is required to then include the TCRA administrative costs. Since the TCRA and City of Tacoma agreement has already been routed, an amendment reflecting the reduced sub-award amount *and* the increased amount to include funds for the TCRA administrative costs is needed.

ALTERNATIVES:

The alternatives in this case are few and would not be beneficial to the City. In the event Council does not approve the respective Sub-recipient amendments Tacoma and the TCRA become susceptible to being non-compliant with respect to the management of the HOME Program. This could lead to findings that would occur as a result of a HUD monitoring review, leading up to and including the return of awarded funds.

RECOMMENDATION:

Staff recommends Council approve: 1) the execution of the 2016 HOME sub-recipient agreement between TCRA, the City of Tacoma, and the City of Lakewood in the amount of \$244,334.00; and 2) the amended amount for the 2016 HOME sub-recipient agreement between TCRA and the City of Tacoma in the amount of \$753,764.00.

Implementing these recommendations will allow the City to drawdown the HOME Investment Partnership grant funds in compliance with HUD regulations to be used to address the housing needs of Tacoma and Lakewood through its housing programs.

FISCAL IMPACT:

The City is the pass-through agency for the HOME grant funds. Both revenue and expenditures are budgeted in the City grant funds for the 2016-17 biennium. HOME program funds available to City of Tacoma projects in PY2016-17 will be reduced by \$55,694; however, that amended amount will then be increased by \$99,810 to include TCRA administrative costs. Conversely, there will be more HOME program funds available to Lakewood during the same timeframe. Funds available for administrative costs will remain the same and be used by the City of Tacoma for this purpose. The recommended actions have no impact to the City's General Fund.



EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
1195-FGRT, CED Spec Rev Fund	730100	Various	\$998,098.00
TOTAL			\$998,098.00

REVENUES-FUNDING SOURCES:

	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
HOME Grant	730100	4331280	\$998,098.00
TOTAL			\$998,098.00

POTENTIAL POSITION IMPACT:

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
TOTAL			

This section should only be completed if a subsequent request will be made to increase or decrease the current position count.

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$998,098.00

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? YES