



TO: Elizabeth Pauli, City Manager
FROM: Dierdre Patterson, Business & Economic Development Analyst, Community and Economic Development
Tanja Carter, Director, Community & Economic Development; Felicia Medlen, Housing Division Manager, Community and Economic Development
COPY: City Council and City Clerk's Office
SUBJECT: Resolution accepting \$650,000 WA Commerce Community Reinvestment Project Grant
DATE: May 20, 2025

SUMMARY AND PURPOSE:

This memorandum seeks City Council approval to accept an additional \$650,000 in Community Reinvestment Project (CRP) funds from the Washington State Department of Commerce. Of this amount, \$585,000 will be designated to the Tacoma Community Redevelopment Authority (TCRA) as a subrecipient to expand available funding for CRP loan programs, and \$65,000 will be allocated to the City of Tacoma to support additional administrative and labor expenses associated with managing the CRP.

COUNCIL SPONSORS:

N/A

BACKGROUND:

This Department's Recommendation is Based On: On October 29, 2024, the City Council adopted Resolution No.41547 to accept a grant from the Washington State Department of Commerce, in the amount of \$4 million for the Community Reinvestment Project. The grant is designed to address systemic barriers to capital access and the disproportionate impacts of the Nixon-era War on Drugs.

The CRP Grant includes both loans and grants aimed at stabilizing businesses, supporting growth, and preventing displacement. The original allocation included \$2.9 million for loan programs administered by the Tacoma Community Redevelopment Authority (TCRA) and \$1.1 million managed by the City to provide grants for commercial rent, fixed asset purchases, technical assistance, and administrative support.

On April 25, 2025, the City Council adopted Resolution No. 41661 awarding a contract to the Tacoma Community Redevelopment Authority, in the amount of \$3.185 million, plus applicable taxes, budgeted from the Special Revenue Fund, for the administration and management of Community Reinvestment Project loan funds under the Revolving Loan Program, for an initial contract term of 30 years, with the option to renew for additional 15-year periods – Contract No. CW2271737.

The Washington State Department of Commerce has since awarded the City an additional \$650,000 in CRP funds. Of this amount, \$585,000 will be provided to the TCRA as a subrecipient to expand the CRP loan pool, and \$65,000 will be allocated to the City to support additional administrative and labor expenses associated with management of the CRP programs.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

The CRP Grant was and is informed by community engagement and research. Letters of support were received from key partners, including two technical assistance providers contracted by the City (both "by and for" organizations), one "by and for" ecosystem partner, and one current loan borrower.



The development of the CRP Grant was further shaped by:

- The BIPOC Chamber Feasibility Study conducted in 2023.
- Feedback from five technical assistance programs implemented in 2023.
- Insights from conferences and summits, including the Anti-Displacement and Living Cities Inclusive Capital Conferences and the King County Commercial Affordability Summit.
- Data from the City of Tacoma Business Climate Survey
- Lessons learned from the City’s administration of various COVID loan and grant programs between 2020 and 2024, which helped shape strategies for inclusive capital distribution.

These engagements highlighted the critical need for flexible loan and grant products that are affordable and accessible. The CRP Grant proposal responds to these identified needs, incorporating lessons learned and feedback from the business community.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: *(Mandatory)*

All funding programs under the CRP Grant will prioritize businesses in alignment with the overall mission of the State's Community Reinvestment Project, which seeks to address the disproportionate impact of the war on drugs. Outreach efforts focused on areas of low to very low economic opportunity, as well as neighborhoods at risk of gentrification. To ensure broad access, we partnered with local "by and for" organizations for targeted outreach and engagement. Administrative processes, including scoring and underwriting, were designed to remain flexible, meeting the needs of businesses that have traditionally been excluded from accessing capital. Additionally, marketing materials and applications were made available in multiple languages, and interpretation services were provided if requested to ensure that all businesses could fully engage with the programs.

Economy/Workforce: *Equity Index Score: Low Opportunity*
Increase the number of diverse livable wage jobs.

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

Funds will be used to support business retention and expansion, allowing owners to invest in maintaining and/or creating jobs, expanding business operations, and/or sustaining operations.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Decline to accept additional \$650,000 in CRP Funds.	None	This would limit the available loan funds for underserved businesses and reduce the overall impact of the CRP in addressing systemic barriers to capital access.
2. Accept additional \$650,000 in CRP Funds but not	Additional grants could be funded instead of loans.	Delay the deployment of additional loan funds and risk underutilization of the



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designate TCRA as subrecipient		supplemental grant award before the June 2025 deadline.
3. Accept additional \$650,000 in CRP Funds and manage loans internally.	None	The City still does not have the necessary administrative processes or systems in place to manage loans, which would result in significant delays and require substantial resources to build internal capacity.

EVALUATION AND FOLLOW UP:

CED staff will adhere to the requirements of the grant program as outlined in a contract between the City and the WA State Department of Commerce. Staff will evaluate and report on our performance in accordance with the approved Administrative Plan through the lifecycle of the grant.

STAFF/SPONSOR RECOMMENDATION:

Staff recommends accepting an additional \$650,000 from the WA State Department of Commerce for the Community Reinvestment Project, and depositing said sum into the Fund 1195 EDA. These additional funds will address systemic barriers to capital access and the disproportionate impacts of the Nixon-era War on Drugs.

FISCAL IMPACT:

With the successful repayment of loans, both the City and TCRA will retain the loan funds as part of a revolving loan program. This additional investment brings the total CRP loan pool managed by TCRA to approximately \$3.485 million, further strengthening Tacoma's revolving loan fund and creating more future opportunities for businesses in Tacoma. It also continues to build upon the City's first significant non-EDA-related investment into the TCRA Revolving Loan Fund.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1195 EDA	GRT-00558-01	4334360	\$650,000.00
TOTAL			\$650,000.00

What Funding is being used to support the expense?

A grant from the Washington State Department of Commerce

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

YES

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

No

Will the legislation have an ongoing/recurring fiscal impact?

No



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

No

Please enter Explanation.

ATTACHMENTS:

Resolution 41547

Resolution 41661