



TO: Elizabeth Pauli, City Manager
FROM: Dierdre Patterson, Business & Economic Development Analyst, Community and Economic Development
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COPY: City Council and City Clerk's Office
Hyun Kim, Deputy City Manager
SUBJECT: Resolution accepting \$4,000,000 WA Commerce Community Reinvestment Project Grant and Tacoma Community Redevelopment Authority (TCRA) subrecipient authority over loan programs
DATE: October 29, 2024

SUMMARY AND PURPOSE:

This memorandum seeks City Council approval to designate the Tacoma Community Redevelopment Authority (TCRA) as the subrecipient of the \$2.9 million loans portion of the \$4 million Community Reinvestment Project (CRP) Grant, awarded to the City of Tacoma by the Washington State Department of Commerce. The remaining \$1.1 million of the grant will be managed by the City, focusing on commercial rent and fixed asset grants, as well as technical assistance support for businesses and administrative support/tools.

COUNCIL SPONSORS: NA

BACKGROUND:

The Community Reinvestment Project (CRP) Grant is a \$4 million award from the Washington State Department of Commerce designed to address systemic barriers related access to capital and the disproportionate impact of the Nixon-era War on Drugs on the Black, Latino, and Indigenous communities.

The CRP Grant includes both loans and grants designed to stabilize, grow, and prevent displacement. The loan programs, totaling \$2.9 million, will be administered by the Tacoma Community Redevelopment Authority (TCRA). These programs are designed to support businesses that are unable to access traditional financing due to lack of collateral or credit history. The remaining \$1.1 million, managed by the City, will provide grants for commercial rent, fixed assets, and technical assistance to further support businesses through the application process.

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 cater specifically to Black, Latino, and Indigenous businesses. The CRP Grant proposal responds to these identified needs, incorporating lessons learned and feedback from the business community.

PROJECT DELIVERY METHODOLOGY:

The CRP Grant will be implemented through a comprehensive approach that includes both loans and grants, designed to meet the diverse needs of Black, Latino, and Indigenous businesses. The programs will be structured as follows:

Loan Programs (Administered by the TCRA):

- Uplift Loan Program: Provides smaller, collateral-free loans of up to \$100,000 to support existing businesses with potential for growth and/or increased operational efficiency and capacity.
- Accelerator Loan Program: Offers larger loans between \$500,000 to \$700,000 to fundamentally transform 1-2 established businesses through property/land purchase and/or significant investment into workforce, operations, and capacity.

Grant Programs (Administered by the City):

- Commercial Rent Grant: Grants up to \$25,000 designed to alleviate the high costs of commercial rent, allowing businesses to reallocate funds toward growth-driving activities.
- Commercial Assets Grant: Grants up to \$25,000 to support capital investments that lead to long-term business growth and operational efficiency.

Equity and Accessibility:

All funding programs under the CRP Grant will prioritize Black, Latino, and Indigenous 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 will focus on areas of low to very low economic opportunity, as well as neighborhoods at risk of gentrification. To ensure broad access, we will partner with local "by and for" organizations for targeted outreach and engagement. Administrative processes, including scoring and underwriting, will be designed to remain flexible, meeting the needs of businesses that have traditionally been excluded from accessing capital. Additionally, marketing materials and applications will be available in multiple languages, and interpretation services will be provided to ensure that all business owners can fully engage with the programs.

ALTERNATIVES:



- **Alternative 1:** Council could choose not to designate TCRA as the subrecipient for the loan programs, which may delay the deployment of loan funds and risk underutilization of the CRP grant before the June 2025 deadline. This could also impact the ability to meet the needs of underserved businesses that the grant aims to support.
- **Alternative 2:** The City could manage the loan programs directly. However, the City currently does not have the necessary administrative processes or systems in place to manage loans, which would result in significant delays and require additional resources to develop those capabilities. TCRA, with its established systems and expertise, is better positioned to administer the loan programs efficiently.

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 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 RECOMMENDATION:

Staff recommends that the Council approve the resolution to designate TCRA as the subrecipient of the \$2.9 million loan portion of the Community Reinvestment Project Grant and authorize TCRA to administer the Uplift Loan and Accelerator Loan Programs.

FISCAL IMPACT:

By approving this resolution, the Council authorizes the use of \$4 million in grant funds provided by the Washington State Department of Commerce. \$2.9 million will be managed by TCRA for the loan programs, while the remaining \$1.1 million will be managed by the City for grants and technical assistance. There will be no direct fiscal impact on the City's budget, however, with successful repayment of the loans, both the City and TCRA will be able to retain the funds as part of a revolving loan program. This represents a significant \$2.9 million investment into TCRA's loan programs, marking the first non-EDA-related investment into the Revolving Loan Fund, which will create more future opportunities for businesses in Tacoma.



City of Tacoma

City Council Action Memorandum

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?

NO, PLEASE EXPLAIN BELOW

This is a recent WA State Department of Commerce Competitive Grant and was not planned in the biennial budgeting processes.

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

No

Will the legislation have an ongoing/recurring fiscal impact?

No

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

No

ATTACHMENTS:

None