



TO: Elizabeth Pauli, City Manager
FROM: Jeff Robinson, Director, Community & Economic Development
Darian Lightfoot, Contract & Program Auditor, Neighborhood & Community Services
COPY: City Council and City Clerk
SUBJECT: Resolution authorizing submittal of the 2019-2020 Annual Action Plan to the Department of Housing and Urban Development - May 12, 2020
DATE: April 20, 2020

SUMMARY AND PURPOSE:

The City of Tacoma is proposing to substantially amend its program year 2019-2020 (July 1, 2019 - June 30, 2020) Annual Action Plan (APP) to reprogram uncommitted current Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funds. Additionally, funding allocations have been received concerning the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, which was signed into law on March 27, 2020, in response to the growing effects of the Coronavirus health crisis. The City of Tacoma is also proposing to amend its Citizen Participation Plan (CPP) to reduce the public comment period from the current 30-day requirement to 5-days on any substantial amendment connected to CARES act funds in order to expedite community financial support. Language will also be added on virtual city council meetings and the appropriate steps needed to promote public safety.

The U.S. Department of Housing and Urban Development (HUD) provides these funds to the City of Tacoma for use in Housing and Community Development activities.

This amendment will support the following actions in program year 2019-2020:

1. Reallocation of uncommitted, current, program year 2019-2020 CDBG funds to support Emergency Income Payments (EIP) to eligible City of Tacoma residents. These funds will be dispersed directly to service providers.
2. Allocate CDBG-CV funds that are granted to the City due to the COVID-19 crisis. These funds will support Emergency Income Payments and business emergency service assistance to the eligible households and small business owners in Tacoma.
3. Reallocation of uncommitted, current program year 2019-2020 HOME funds to support Tenant Based Rental Assistance (TBRA) for eligible City of Tacoma residents. This funding will be dispersed directly to service providers.
4. Amending the current Community Participation Plan to reflect the newly approved 5-day public comment period in response to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) as well as conducting virtual city council meetings during a state of emergency.
5. Payment of the 2020 debt service for the HUD Section 108 loan for the Lemay Museum.



6. Lifting the 15% public service cap for 2019-2020 CDBG funds.

BACKGROUND:

The Department of Housing and Urban Development (HUD) notified staff of Tacoma’s PY2019-2020 funding awards are as follows:

1. CDBG: \$2,506,226;
2. ESG: \$208,750; and,
3. HOME: \$1,349,770.
4. CDBG-CV: \$1,487,278;
5. ESG-CV: \$759,366.

This past month, the Community and Economic Development Department reallocated unassigned funds from the past 5 funding years to the 2019-2020 program year to maximize efforts in affordable housing development. Those funds will remain with one of those projects in a revised amount as funds from the 2019-2020 program year. CARES act funding will be directed towards Emergency Income Payments, Tenant Based Rental Assistance and small business assistance.

The City of Lakewood plan to make substantial amendments to adopt 2019 Annual Action Plans (AAP) for housing and community development actions related to Lakewood is proposing to amend its 2019 AAP to include CARES Act (CDBG-CV) funding in the amount of \$350,611 for the following activities:

1. Small Business Emergency Services Grants

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Due to time sensitivity and the urgency of the administered funds, a traditional engagement plan has not been utilized during this substantial amendment. The proposed budget and scope of funding will be advertised in the Tacoma News Tribune for a 5-day public comment period allowing the community to provide input on the awarded funds. Those will be taken into consideration prior to final adoption. The City also used the Affordable Housing Action Strategy (AHAS) to inform how available funds should be allocated as this strategy prioritized affordable housing development and preservation as well as rental assistance and tenant protection. The AHAS was developed after months of extensive community engagement and public input.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: *(Mandatory)*

These funds will benefit low and extremely low-income residents as required by HUD regulations. The actions taken in this amendment also align with several Tacoma 2025 strategic goals including; **2A** Increase Housing Security, **3C** Improve Neighborhood Business Districts, and **7A** Ensure accountable, efficient, and transparent city services.



Livability: Equity Index Score: Moderate Opportunity

Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.

ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Not to Amend	None	Restrict the use of CDBG and ESG funds to those identified in this report and not allow the highly impacted residents of Tacoma in immediate need of emergency assistance.

EVALUATION AND FOLLOW UP:

All funds will be accounted for and identified in the annual Consolidated Action Performance Evaluation (CAPER).

STAFF/SPONSOR RECOMMENDATION:

Approving the recommendations identified in this report will allow staff to complete the AAP process with HUD, which will allow the City to draw down funds for use in addressing its housing, community and economic development, homeless assistance and social service programs. This constitutes a total amount of \$6,311,390 made available for Emergency Income Assistance (EIP), Tenant Base Rental Assistance (TBRA) and small business emergency assistance grants in this AAP. The re-programmed funds will allow the funding of projects that are in direct alignment with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

Presentation and final action will occur on May 12, 2020 at City Council.

FISCAL IMPACT:

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. CDBG	2019-2020 PY		\$2,506,226
2. ESG	2019-2020 PY		\$208,750
3. HOME	2019-2020 PY		\$1,349,770
4. CDBG-CV	2019-2020 PY		\$1,487,278
5. ESG-CV	2019-2020 PY		\$759,366
TOTAL			



What Funding is being used to support the expense?

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

NO, PLEASE EXPLAIN BELOW

Some of the existing funds are appropriated in the current biennium. The new funding through the CARES Act were not.

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

YES

If the legislation is not implemented the City will not be able to rapidly deploy the additional financial resources provided by HUD through the recently passed CARES Act.

Will the legislation have an ongoing/recurring fiscal impact?

Maybe

If any of the funding is used for loans there will be positive fiscal impacts in the form of program income generated by repayment of debt.

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

No

The additional funds can be managed with existing staff resources.