



TO: Elizabeth Pauli, City Manager
FROM: Jeff Robinson, Director, Community & Economic Development Department
Linda Stewart, Director, Neighborhood and Community Services Department
Daniel Murillo, Community & Economic Development Department Housing Division Manager
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 by the deadline of May 15, 2019
DATE: May 7, 2019

SUMMARY:

Authorize the proper officers of the City of Tacoma to submit the Program Year (PY) 2019-2020 Annual Action Plan (AAP) to the U.S. Department of Housing and Urban Development (HUD) by the deadline of May 15, 2019; authorize the execution of two agreements with the Tacoma Community Redevelopment Authority (TCRA) to fund housing and/or economic development programs under the 1) Community Development Block Grant (CDBG) and 2) HOME Investment Partnerships Program (HOME) as stated in the AAP; and two additional agreements 1) 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, and 2) authorization of an agreement with Rebuilding Together South Sound in the amount of approximately \$310,000 for the Tacoma Home Repair 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.

As a result of submitting its AAP to HUD, the City will receive federal funds to manage its housing, community and economic development, neighborhood improvement, homeless assistance and social service programs.

BACKGROUND:

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

1. CDBG: \$2,506,226;
2. ESG: \$208,750; and,
3. HOME: \$1,349,770.
 - Approximately \$1,082,516 will be allocated to the City of Tacoma and \$267,254 allocated to the City of Lakewood under the Tacoma-Lakewood HOME Consortium Agreement. The assigned Consortium amounts reflect an agreed upon 78% / 22% split of the funds, respectively. HUD has not yet released the 2019-2020 Consortium percentages, therefore staff requests authorization to increase or decrease the final



funding amounts, as necessary, upon receiving final 2019-2020 Consortium percentages from HUD.

CDBG Notice of Fund Availability (NOFA)

A Notice of Funding Availability for PY 2019-2020 Community Development Block Grant services funding was released on January 25, 2019. 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 e-mailed to all projects funded in the current program year and those listed on an interested parties list.

The application process closed on February 15, 2019. In total, seven (7) applications were received. Three (3) applicants proposed housing assistance activities, two (2) applicants proposed economic development assistance, and two (2) applicants proposed public improvement projects in support of affordable housing. Staff screened each application for CDBG funding eligibility and all applications were determined to be eligible for such funds.

Four staff reviewers independently rated all seven (7) applications. Recommendations are based on each project’s alignment with Council funding priorities established and adopted in November 2017 and other funding considerations such as cost effectiveness, program need, and the program’s ability to leverage CDBG funds, past performance, collaboration efforts, staff capacity, fiscal responsibility, and completeness of the application.

Following an analysis of the most recent CDBG NOFA, housing division staff has determined \$1,462,529 is available for award through the NOFA process. Of this amount, \$466,500 is requested for housing assistance projects, \$269,023 is requested for economic development projects, and \$727,006 is requested in public improvement projects in support of affordable housing. Public improvement projects will be funded through the PY 2019-2020 TCRA CDBG Subrecipient Agreement and managed by the TCRA and its staff. Activities under this NOFA would occur as of July 1, 2019.

<u>Activity</u>	<u>Amount</u>
Housing Assistance Programs	\$466,500
Economic Development Activities	\$269,023
Public Improvements in Support of Affordable Housing	\$727,006
TOTAL	\$1,462,529

Public Service CDBG and ESG Funding Allocation Recommendations

The Human Services Commission (HSC) and/or a special Emergency Solutions Grant (ESG) review panel has the responsibility for recommending to the Council programs that meet the CDBG and ESG priorities for public services (i.e. human services). Every two years, these reviewers read and rate applications and recommend programs for CDBG and ESG funding. CDBG funds may be allocated to programs that meet one of the Council-adopted strategic priorities of Housing Stabilization Services, Economic Stabilization Services, and Youth Emergency Stabilization services. 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. Programs that are awarded funding enter into annual contracts, with the second year of funding contingent upon funding availability as well as the program’s performance and continued ability to meet a strategic priority.



Programs receiving PY 2018-2019 CDBG and ESG funding for public services underwent a performance review by City staff in January 2019. The review included sections on service-related output performance, billing and reporting timeliness and accuracy, on-site monitoring results, and participation in work related to equity, diversity, and inclusion. The results of the review were presented to the HSC, which was tasked with making recommendations for PY 2019-2020 funding. The HSC met on February 27, 2019, to discuss the results of the performance review and make final funding recommendations for PY 2019-2020.

The total amount recommended for CDBG public services is \$375,933, distributed across ten (10) programs. The total amount recommended for homeless services through ESG funding is \$208,750, distributed across eight (8) programs.

Funding Source	Amount
CDBG	\$375,933
ESG	\$208,750
TOTAL	\$584,683

On April 09, 2019, staff from the Community and Economic Development Department (CED) and Neighborhood and Community Services Department (NCS) presented the funding recommendations to City Council during a regular Study Session. On April 16, 2019, a public hearing was held giving the public the opportunity to comment on the draft AAP which included estimated grant amounts that were based on last year’s award amounts.

Before submission of the PY 2019-2020 AAP to HUD, the City must fulfill certain citizen participation requirements including holding a public hearing on the proposed plan. A draft of the AAP including estimated funding amounts was made available for a period of 30 days beginning on April 1, 2019 and ended on April 30, 2019.

Council is requested to make funding decisions for submittal to HUD, including authorizing the allocation of HOME grant funds to the TCRA on behalf of the City of Lakewood housing programs in the amount of \$267,254 and the allocation of CDBG funds to the TCRA CDBG Affordable Housing Fund (AHF) and Economic Development Fund in the amount of \$893,524, and HOME funds in the amount of \$947,538, to the TCRA HOME Affordable Housing Fund and Community Housing Development Organization (CHDO) Set-Aside. Council is also requested to authorize staff to increase or decrease the final funding amounts of the Tacoma-Lakewood HOME Consortium Agreement, as necessary, upon receiving final 2019-2020 Consortium percentages from HUD. Council is also requested to grant staff administrative authority to adjust subsequent contract amounts- not to exceed Council-approved funding recommendations, based on program need resulting from contract negotiations and in accordance with the grant allocation received from HUD.

Activity	Funding Source	Amount
Lakewood Housing Programs	HOME	\$267,254
TCRA Affordable Housing Fund and Economic Development Fund	CDBG	\$893,524
TCRA Affordable Housing Fund	HOME and CHDO	\$947,538
TOTAL		\$2,108,316



ISSUE:

At issue is Council's authorization of the proper officers of the City of Tacoma to submit the PY 2019-2020 Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD) by the May 15, 2019 deadline; and authorization of the execution of three (3) agreements with the Tacoma Community Redevelopment Authority, and one (1) agreement with Rebuilding Together South Sound.

ALTERNATIVES:

The alternatives presented in this report constitute one course of action. It is based on a review and analysis of each application for funding and staff's best judgment of program activities that will lead to the preferred outcome as established in the PY 2019-2020 Annual Action Plan to be submitted to HUD for review and approval on or before May 15, 2019. However, other options do exist. This would include, but is not limited to, changing the funding mix between activities or even 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. Note, changes of this nature would require a more intensive staff review of possible alternatives which would likely jeopardize the HUD-imposed May 15, 2019 AAP deadline. It is therefore suggested that any alternatives such as these should be pursued after the July 1 date and rolled into a current year plan amendment or should be addressed in future years' program activities.

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 estimated amount of \$4,064,746 made available to the City as a result of these actions.



FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
1195-FGRT, CED Spec Rev Fund	730100-730500 in 2018; 730600, 730800-731600 in 2019	Various	2,506,226
1195-FGRT, CED Spec Rev Fund	730100 in 2018; 730700, 731200, 731700-731800 in 2019	Various	1,349,770
1195-FGRT, CED Spec Rev Fund	730100 in 2018; 731000 in 2019	Various	208,750
TOTAL			4,064,746

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
1195-FGRT, Community Development Block Grant	730100 in 2018; 730600 in 2019	4331281	2,506,226
1195-FGRT, HOME Grant	730100 in 2018; 730700 in 2019	4331280	1,349,770
1195-FGRT, Emergency Solutions Grant	730100 in 2018; 731000 in 2019	4331282	208,750
TOTAL			4,064,746

NEW COST CENTERS WERE DEVELOPED AS PART OF PROGRAM BASED BUDGETING AND WILL BE IMPLEMENTED BEGINNING IN 2019.

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$4,064,746

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.