



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Jeff Robinson, Director, Community & Economic Development  
Darian Lightfoot, Contract and Program Auditor, Neighborhood and Community Services  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution to substantially amend the 2019-2020 Annual Action Plan to the Department of Housing and Urban Development by the deadline of May 15, 2020  
**DATE:** March 30, 2020

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**SUMMARY:**

The City of Tacoma is proposing to substantially amend its program year 2019-2020 (July 1, 2019 – June 30, 2020) Annual Action Plan to program uncommitted current and prior year Community Development Block Grant (CDBG) funds provided to the City of Tacoma by the U.S. Department of Housing and Urban Development for use in Housing and Community Development activities.

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

1. Homeownership Center Northwest (HCNW) I Street Site Acquisition project (\$1,275,000): This project will support the acquisition of six parcels of land near the intersection of South 9<sup>th</sup> Street and South I Street for the future development of units to be sold to low-income, first-time homebuyers.
2. The Tacoma Community Redevelopment Authority Property Acquisition (\$1,700,000): This project will acquire property on Tacoma Avenue South near the intersection of South 13<sup>th</sup> Street for the purpose of providing future affordable housing options.

**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.

In the past 10 years, the City of Tacoma has received less federal funding from the Department of Housing and Urban Development. This has made it increasingly more difficult to address the needs identified in the five-year Consolidated Plan. As a consequence, the City’s multi-year objectives included in the past three five-year consolidated plans as well as the current 2015-2019 Consolidated Plan have been established based upon a reduced level of financial support. By shifting unused funds to the current program year, the city can maximize those dollars and award large-scale investments to affordable housing projects.

**ISSUE:**

At issue is Council’s authorization to submit the PY 2019-2020 Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD) by the May 15, 2020 deadline; and authorization of the reallocation of funds from the 2016-2017, 2017-2018, 2018-2019, 2019-2020 in order to spend down unused funds for affordable housing purposes.

**ALTERNATIVES:**

The alternative is to not amend the existing AAP. This however, will restrict the uses of CDBG funds to those identified in the current AAP and not allow two highly impactful; projects to move forward expeditiously.

**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 \$2,975,000 made available for projects not previously identified as part of the AAP. The re-programmed funds will allow the funding of projects that are in direct alignment with the Affordable Housing Action Strategy.

**FISCAL IMPACT:**

**EXPENDITURES:**

Reprogram \$2,975,000 in Entitlement funds from current and prior year unallocated resources to the 2019-2020 Annual Action Plan for use in community development activities:

- \$1,230,022 from the 2019-2020 Annual Action Plan
- \$481,699 from the 2018-2019 Annual Action Plan
- \$1,067,200 from 2017-2018 Annual Action Plan
- \$196,079 from 2016-2017 Annual Action Plan

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: N/A**

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes**