



TO: T.C. Broadnax, City Manager
FROM: Martha Anderson, Acting Director, Community & Economic Development Dept.
Carey K. Jenkins, Housing Division Manager, Community & Economic Dev. Dept.
COPY: City Council and City Clerk
SUBJECT: Resolution Request authorizing entering into CDBG/HOME Sub-recipient Agreements
with TCRA - June 24, 2014
DATE: May 19, 2014

SUMMARY:

The Community & Economic Development Department recommends a total of four (4) agreements be executed with the Tacoma Community Redevelopment Authority (TCRA) for the Program Years 2013 and 2014. The agreements allow for TCRA to operate and fund the housing development programs allocated to it under the City’s Consolidated Plan, the 2013 Annual Action Plan and the 2014 Annual Action Plan.

The agreements each cover a specific federally-funded contract: one for Community Development Block Grant (CDBG) and one for the HOME Investment Partnership (HOME) program. Each program year is funded with a separate agreement, as recommended by the U.S. Department of Housing & Urban Development (HUD). The TCRA Board reviewed and approved the recommended action March 13, 2014.

STRATEGIC POLICY PRIORITY:

- Strengthen and maintain a strong fiscal management position.
- Foster neighborhood, community, and economic development vitality and sustainability.

As a result of these Agreement(s), the TCRA will oversee the administration, program and project delivery and manage the long-term monitoring components of the CDBG and HOME program.

BACKGROUND:

The Tacoma Community Redevelopment Authority (TCRA) manages housing and business loan programs on behalf of the City of Tacoma. The City and TCRA have a historical agreement, commonly referred to as the TCRA agreement, which has been amended 268 times since 1974. The majority of the amendments simply add Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funds on an annual basis to the existing agreement.

In 2013, the U.S. Department of Housing and Urban Development (HUD) formally notified the City that the continual amendment to the existing agreement no longer met federal regulations. In addition, the existing agreement was considered by all parties to be difficult to monitor and contained portions no longer relevant in today’s market environment and funding availability.



Beginning with PY 2013, the intent is to enter into an annual Agreement with TCRA. The Agreement will provide not only an annual funding process, but also provide a contractual agreement with a sub-recipient that can be monitored, pass through up-to-date federal regulatory requirements and continually clarify the City and TCRA's respective roles and responsibilities that cross-over between staff. Going forward, new Agreements will be integrated into the Annual Action Plan process and approved by Council with the new allocation of Federal CDBG and HOME Funds.

ISSUE:

In order for TCRA to continue providing housing opportunities (homeowner rehabilitation, down payment assistance, new housing development, etc.), an agreement between the TCRA and the City must be executed. A new agreement structure has been required by HUD in order for the City to remain in compliance with CDBG and HOME regulatory requirements.

ALTERNATIVES:

The request presented in this report follow the City's historical course of action for providing affordable housing and business loan opportunities to Tacoma citizens. This is the preferred method based on historical data, the Council and HUD approved 2010-2015 Consolidated Plan, and HUD's regulatory requirements. The alternative solutions would include (1) the City identifying an alternative sub-recipient to oversee and manage the loan programs. This solution, however, would not release the City from its compliance and regulatory requirements; or (2) the City providing these services directly. Either of these alternatives would require intensive review by the staff and would like jeopardize the City's ability to spend its CDBG and HOME allocations within the HUD-required timelines.

RECOMMENDATION:

Authorize the City Officials to enter into four (4) Agreements with Tacoma Community Redevelopment Authority: (1) CDBG Agreement, PY 2013; (2) HOME Agreement, PY 2013; (3) CDBG Agreement, PY 2014; and (4) HOME Agreement, PY 2014.



FISCAL IMPACT:

If you are making a commitment on the City’s behalf to receive or expend funds, then the fiscal impact section should be completed. If this does not apply, enter “There is no fiscal impact” and delete everything below this line. If you are unsure, please contact the Budget Office. If the action is to accept a donation, you do not need to complete the fiscal impact section, just note the estimated value of the donation in the background section.

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
1195-FGRT, CED Special Revenue Fund	730100	6530600	7,496,458.22
TOTAL			7,496,458.22

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
1195-FGRT, CED Special Revenue Fund	730100	4331281	2,183,109.91
1195-FGRT, CED Special Revenue Fund	730100	4331280	5,313,348.31
TOTAL			7,496,458.22

POTENTIAL POSITION IMPACT:

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
TOTAL			

This section should only be completed if a subsequent request will be made to increase or decrease the current position count.

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$5,988,809.22

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

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

Explain how expenditures are to be covered and if budget modifications are required.