



TO: Elizabeth Pauli, City Manager
FROM: Felicia Medlen, Housing Division Manager, Community and Economic Development
Jeff Robinson, Director, Community and Economic Development
Allyson Griffith, Director, Neighborhood and Community Services
COPY: City Council and City Clerk
SUBJECT: Resolution Authorizing Submittal of the Tacoma-Lakewood HOME Consortium 2024 Annual Action Plan to the US Department of Housing and Urban Development by May 15, 2024
DATE: April 30, 2024

SUMMARY AND PURPOSE:

The purpose of this resolution is threefold. First, it is to provide the City Council (Council) an opportunity to review and comment on funding recommendations and planned activities for the upcoming program year (PY), beginning July 1, 2024, and for submittal of the Annual Action Plan to the US Department of Housing and Urban Development. Funding recommendations and/or planned activities for the City of Tacoma’s (City) Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and Emergency Solutions Grant (ESG) are included in this memo. Second, this resolution also serves to request approval from Council for City staff to execute three categories of agreements: 1) two subrecipient agreements (one CDBG and one HOME) between the City of Tacoma and the Tacoma Community Redevelopment Authority (TCRA), 2) a third subrecipient agreement between the City, the TCRA, and the City of Lakewood for HOME activities, and 3) up to twenty agreements with individual subrecipients and/or contractors for program year 2024 CDBG and ESG funds administered by the City. Third, this resolution will approve updating the Citizen Participation Plan to the revised Participation Plan, which includes streamlining the amendment process for HUD-approved plans and clarification on processes related to CDBG, HOME, and ESG programs.

The City estimates allocations in the following funding amounts for program year 2024:

- CDBG: \$2,393,848
- ESG: \$209,987
- HOME: \$1,458,355

Funding recommendations for the allocations stated above are incorporated into the PY 2024 Annual Action Plan (Plan). This Plan is required by the Department of Housing and Urban Development (HUD) in order for the City to receive its entitlement funding. Recommendations for CDBG Community and Economic Development projects are made by the TCRA. Recommendations for CDBG Public Services and ESG projects are made by Neighborhood & Community Services (NCS) staff with input from the Human Services Commission and the Tacoma - Lakewood - Pierce County Continuum of Care.

The Plan also allocates HOME funds to be administered by the TCRA in support of Affordable Housing projects. Projects are identified in early spring during a competitive notice of funding availability (NOFA) led by the TCRA.

On April 30, 2024, staff will present the Plan to Council and seek final action on its submittal to HUD.



BACKGROUND:

CONSOLIDATED PLANNING

As a participating jurisdiction in HUD Community Planning and Development entitlement programs, the City of Tacoma implements the Consolidated Planning process for the Tacoma-Lakewood HOME Consortium. The five-year cycle begins with the development of a Consolidated Plan. The 2020-2024 Consolidated Plan provides the current framework for addressing housing, public services, and community and economic development needs in Tacoma. Yearly Annual Action Plans serve as administrative plans to ensure that annual spending decisions are furthering progress towards meeting the needs and goals identified in the Consolidated Plan. Progress is measured and submitted to HUD at the end of the program year in the Consolidated Annual Evaluation and Performance Report (CAPER).

As part of the Annual Action Planning process, the City is tasked by HUD with determining local funding allocations and service delivery activities for the CDBG, HOME and ESG programs for the upcoming program year, which occurs between July 1st and June 30th.

ANNUAL FUNDING RECOMMENDATIONS:

HOME funds.

HOME funds and a portion of CDBG funds are allocated by the City through two annual competitive funding opportunities managed by the Housing Division of the Community and Economic Development Department. The CDBG Community and Economic Development Notice of Funding Availability (NOFA) process, which allocates a portion of CDBG funds to minor capital projects, home repair, and microenterprise assistance, coincides with the Annual Action Planning process. An Affordable Housing NOFA process in the spring is focused on larger scale housing projects and activities that are incorporated into the Plan at that time.

The TCRA is an independent, non-profit public development authority and advisory group. TCRA members are appointed by the City Council and have the responsibility for reviewing and recommending and approving programs and projects that meet the CDBG and HOME Investment Partnership priorities related to housing, community and economic development initiatives. Individual service provider recommendations are based on the examination of each application received, review of past performance, availability of funding and applicable interviews conducted.

The HOME allocation is administered within a HUD approved consortium whose members include the cities of Tacoma and Lakewood. Oversight of all HOME activities for the consortium is conducted by the TCRA. The HOME funds are used primarily for development and preservation of permanent affordable rental housing, supportive housing, and affordable homeownership, a down payment assistance program, and required administration and planning for the HOME program. These projects are coordinated through a network of non-profit and for-profit developers and local service providers.



ESG and CDBG funds.

The Neighborhood and Community Services Department developed the spending plan for ESG and CDBG Public Services funds. Funding recommendations were reviewed and approved by the HSC and were presented to the Tacoma Lakewood Pierce County Continuum of Care (CoC). Recommended activities are aligned with Council priorities as well as HUD-eligible services. Specifically, 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; no more than 60% of the total annual HUD allocation may be used for any combination of these two categories. A portion of the funds are also dedicated to administration and planning, and to support operations of the Homeless Management Information System (HMIS). These activities are coordinated through a network of subcontractors and/or subrecipients and oversight is provided by the Neighborhood and Community Services Department.

PROPOSED SPENDING PLAN FOR 2023 CDBG, ESG, AND HOME PROGRAMS

CDBG

Of the anticipated CDBG grant allocation of \$2,393,848, 20% (\$478,769) is set aside for administrative purposes correlating with the management of the City’s CDBG program. Over 52% (\$1,256,002) is proposed for housing assistance and about 13% (\$300,000) is to be allocated to fund economic development activities. Recommended allocations are presented in Table 1. Allocations are consistent with Council priorities and HUD eligibility requirements.

TABLE 1: COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Total Available 2024	\$2,393,848
Uses:	
Administration (20% cap)	\$478,769
Public Service Grants (15% cap)	\$359,077
Housing Assistance Programs	\$1,256,002
Economic Development	\$300,000
Total Uses	\$2,393,848

CDBG Community and Economic Development NOFA

The CDBG Community and Economic Development (CED) NOFA for PY 2024 was released on October 18, 2023, to identify projects that will receive funds allocated for Housing Assistance and Economic Development. The application period closed on November 30, 2023. In total, ten (10) applications were received. Three (3) applicants proposed housing assistance activities, and seven (7) applicants proposed economic development microenterprise assistance activities. Staff screened each application to confirm its general eligibility under federal program requirements.

Additionally, staff reviewers independently rated all ten (10) applications. Ratings are based on each project’s alignment with City Council funding priorities and other considerations such as cost effectiveness, program need,



the project’s ability to leverage CDBG funds, past performance, collaboration efforts, staff capacity, fiscal responsibility, and completeness of the application.

TCRA Funding Recommendations

Following staff review, eligible applications and staff ratings are presented to the TCRA. Based on anticipated funding levels, a total of \$936,000 in CDBG funds are being made available for award to Community and Economic Development programs. Of this amount, the TCRA recommends \$636,000 for housing assistance projects and \$300,000 for economic development activities. If the allocation approved in the upcoming Congressional budget differs from anticipated funding levels, the amounts will be adjusted as described in Table 2. If approved through the Plan, the projects and amounts in Table 2 will be funded beginning July 1, 2024.

TABLE 2: TCRA FUNDING RECOMMENDATIONS FOR CED NOFA

Organization	Program	Estimated Amount
Rebuilding Together South Sound (RTSS)	Community Revitalization Partnership	\$572,000
Associated Ministries of Tacoma-Pierce County	Paint Tacoma Beautiful	\$64,000
Revby LLC	Digital Marketing & Digital Capacity Building Program Financial and Operational Capacity Building Program	\$99,000
Tacoma-Pierce County Chamber	Spaceworks Tacoma Incubator	\$150,000
Mi Centro	Small Business Navigator Program	\$51,000
	Total	\$936,000

Once the CDBG allocation for PY2024 is released by HUD, the following adjustments will be made if needed:

- If the award is greater than the estimated amount- Add additional funds to the RTSS project up to their full funding request of \$636,000, after updating the Administration (20%) and Public Services (15%) allocations. Any remaining funds will be added to the City/TCRA SFR Program.
- If the award given is less than the estimated amount- TCRA will reduce funds from the City’s SFR program, after updating the Administration (20%) and Public Services (15%) allocations. Any remaining reductions needed will be made from the City/TCRA SFR Program.

CDBG Public Services

Fifteen percent (\$359,077) of CDBG funds are allocated for public service programs, which represents the maximum percentage of CDBG funds allowed by HUD for this use. Recommendations are reviewed and approved by the HSC and reviewed by the CoC before they are presented to City Council for final action and submitted to HUD as part of the 2024 Annual Action Plan. Programs to be funded are outlined in Table 3.



TABLE 3: HSC RECOMMENDATIONS FOR CDBG PUBLIC SERVICES FUNDS

Organization	Program	Estimated Amount
TBD	Temporary and/or Inclement Weather Shelter	\$359,077
	Total	\$359,077
<p>Once the CDBG allocation for PY2024 is released by HUD, the following adjustments will be made if needed:</p> <ul style="list-style-type: none"> • If the award is greater than the estimated amount: The difference will be added to Temporary and/or Inclement Weather Shelter. • If the award given is less than the estimated amount: The difference will be taken from Temporary and/or Inclement Weather Shelter. 		

ESG

Of the \$209,987 ESG grant allocation, an Administration cap (for City staff costs) is set at 7.5% (\$15,749). 2.5% (\$5,248) is proposed for staff oversight of the Homeless Management Information System (HMIS), a localized information system used to collect client-level data and service provision activities. The remaining funds (\$188,990) are to be allocated for external contracts as shown in Table 5. Recommendations are reviewed and approved by the HSC and the CoC before they are presented to City Council for final action and submitted to HUD as part of the 2023 Annual Action Plan. Recommended activities are consistent with Council priorities and HUD-eligible activities.

TABLE 4: EMERGENCY SOLUTIONS GRANT (ESG)

Total Available 2024	\$209,987
Uses:	
Administration (7.5% cap)	\$15,749
HMIS Operations (2.5% cap)	\$5,248
External Contracts	\$188,990
Total Uses 2024	\$209,987
<p>Once the ESG allocation for PY2024 is released by HUD, the following adjustments will be made if needed:</p> <ul style="list-style-type: none"> • If the award is greater than the estimated amount: The difference will be split proportionately based on current allocation percentages between shelter and rapid re-housing (keeping in mind the 60% cap for shelter). • If the award given is less than the estimated amount: The difference will be absorbed equally across all uses (keeping in mind the 60% cap for shelter). 	



TABLE 5: HSC RECOMMENDATIONS FOR ESG FUNDING (EXTERNAL CONTRACTS)

Organization	Program	Estimated Amount
TBD	Temporary and/or Inclement Weather Shelter	\$125,990
TBD	Rapid Re-Housing	\$63,000
	Total	\$188,990

HOME

Of the HOME grant allocation of \$1,458,355, an Administration cap is set at 10% (\$145,835). The remaining 90% (\$1,312,520) is proposed for Housing Programs and the City of Lakewood. Recommended allocations are presented in Table 6.

TABLE 6: HOME INVESTMENT PARTNERSHIP (HOME)

Total Available 2024	\$1,458,355
Uses:	
Administration (10% cap)	\$145,835
Housing Programs in Tacoma	\$971,265
City of Lakewood	\$341,255
Total Uses	\$1,458,355
<p>Once the HOME allocation for PY2024 is released by HUD, the following adjustments will be made if needed: 10% will be set-aside for Admin, the consortium percent will be set-aside for Lakewood based on published contribution and the remainder will be allocated to Housing Programs in Tacoma.</p>	

Through the Annual Action Plan process, HOME funds are allocated by the City Council to the TCRA for oversight. Each program year, the TCRA leads a competitive process to identify HOME-funded programs in support of permanent affordable rental housing, affordable homeownership housing, and down payment assistance.

SUBRECIPIENT AND SUBCONTRACTOR AGREEMENTS

City staff will request authority from the City Council to enter into three (3) subrecipient agreements with the TCRA: one (1) agreement being for PY24 HOME funds in the amount of \$1,117,100 in support of permanent affordable rental housing, administration, affordable homeownership housing, and down payment assistance; one (1) being for PY24 CDBG funds in the amount of \$1,734,771 in support of administration and housing activities; and one (1) subrecipient agreement with the TCRA and the City of Lakewood in the amount of \$341,255 to administer and carry out PY24 HOME activities under the Tacoma-Lakewood HOME Consortium.

City staff will also request authority from the City Council to execute up to twenty (20) agreements with subrecipients and/or contractors for PY24 CDBG funds up to the total amount of \$659,077 for CDBG economic



development and public service activities; and PY24 ESG funds up to a total amount of \$209,987 for ESG administration, emergency shelter, HMIS, and rapid re-housing.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

During a 30-day period, beginning on March 29, 2024 and ending on April 29, 2024, the public was invited to make written comment on the Plan. A public hearing was held during a regular City Council meeting on April 23, 2024. To notify the public, the City published a legal ad in The News Tribune summarizing the contents of the Plan and outlining the opportunity to make written or verbal comment. In addition, the information was distributed via email, and published in the Tacoma Daily Index.

As a HUD grantee, the City is required to provide a summary of comments received and why the comments were accepted or rejected when submitting the Plan. The City’s requirements for seeking public input on the plan are outlined in the City’s Participation Plan.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: (Mandatory)

Eligibility criteria for CDBG, HOME, and ESG grant activities are set by HUD. Households and small business owners earning 80% or less of Tacoma/Pierce County Area Median Income (AMI) must benefit from recommended projects included in the Plan. ESG funds are used for projects providing services to those who are at risk of, or are currently, experiencing homelessness. Efforts will be made to ensure that historically underrepresented populations are aware of program requirements and benefits. The City allocates its funds citywide. The Equity Index score for the following indicators reflect the citywide score.

Economy/Workforce: Equity Index Score: Moderate Opportunity

Increase the number of Tacoma households that have livable wage jobs within proximity to the city.
Increase the number of diverse livable wage jobs.

Livability: Equity Index Score: Moderate Opportunity

Improve health outcomes and reduce disparities, in alignment with the community health needs assessment and CHIP, for all Tacoma residents

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

Increase positive public perception of safety and overall quality of life.

Explain how your legislation will affect the selected indicator(s).

The recommended projects outlined in the Plan have been selected for their ability to address needs and goals outlined in the 2020-2024 Consolidated Plan for housing, community and economic development, homeless assistance, and social services. The City of Tacoma will aim to accomplish the following goals through implementation of the Plan:

- Stabilize existing residents – Through funds for critical and minor home repairs, home beautification projects, workforce development, and business support services and technical assistance for local small businesses and entrepreneurs.



- Increase diverse rental and homeownership opportunities – These funds contribute directly to the development of affordable rental and homeownership housing units. These funds also contribute to a down payment assistance program which helps eligible households purchase a home and build equity.
- Prevent and reduce homelessness – Through funds for a wide range of services and facilities intended to prevent residents from becoming homeless and serving those experiencing homelessness.
- Increase availability of accessible, culturally competent services- Utilization of these funds will contribute to improving the cultural competence of services provide directly or indirectly by the City of Tacoma through subrecipients.
- Support high-quality public infrastructure improvements – Through funds for high quality infrastructure improvements that improve accessibility in conjunction with other housing and economic development investments.

ALTERNATIVES:

The alternatives presented in this report are based on review and analysis of each application for funding and staff's best judgement of program activities that will lead to the preferred outcome as established in the PY 2024 Annual Action Plan, which will be submitted to HUD for review and approval on or before May 15, 2024. Other options could include, but are not limited to, changing the funding mix between activities or 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. Changes of this nature would require intensive staff review and would likely jeopardize the HUD-imposed May 15, 2024, Annual Action Plan submittal deadline. It is suggested that any alternatives such as these be pursued after the May 15th date and rolled into a current year plan amendment or addressed in future years' program activities.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Not approve the plan as presented and change funding mix between activities or between individual service providers	Further customize federal program funding to meet local needs	Jeopardize the HUD-imposed deadline for submittal of the Plan
2. Not approve the plan as presented and revamp the way services are procured and the types of activities the City wishes to pursue	Further customize federal program funding to meet local needs	Jeopardize the HUD-imposed deadline for submittal of the Plan
3. Address the above alternatives in future years' program activities	Further customize federal program funding to meet local needs	No negative impacts are anticipated from this alternative



EVALUATION AND FOLLOW UP:

Progress towards the annual goals will be reported in the City’s 2024 Consolidated Annual Performance and Evaluation Report following the close of the program year on June 30, 2025.

STAFF/SPONSOR RECOMMENDATION:

Staff recommends approving the Plan as presented.

FISCAL IMPACT:

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1195- CED Federal Grants	730100 – CED Economic Grants	4331281 –Dir Fed HUD CDBG	\$2,393,848
	730100 – CED Economic Grants	4331280 – Dir Fed HUD Home	\$1,458,355
	730100 – CED Economic Grants	4331282- Dir Fed HUD ESG	\$209,987
TOTAL			\$4,062,190

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

YES

These grant funds are budgeted in the 2023-2024 biennium.

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

YES

Failing to approve the Plan, and as a result, failing to submit the Plan to HUD, will result in the delay or loss of the City’s CDBG, HOME, and ESG funds, and prevent implementation of programs and projects that will provide considerable benefits to the community.

Will the legislation have an ongoing/recurring fiscal impact?

YES

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

No

ATTACHMENTS:

- Draft Tacoma-Lakewood HOME Consortium 2024 Annual Action Plan
- City of Tacoma Participation Plan for HUD Grants
- Form of City-TCRA HOME subrecipient Agreement
- Form of City- TCRA CDBG subrecipient Agreement
- Form of City, TCRA, and Lakewood Subrecipient Agreement