



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Ricardo Noguera, Director, Community and Economic Development Department  
Linda Stewart, Interim Director, Neighborhood and Community Services Department  
**SUBJECT:** Resolution authorizing approval of the 2018-2019 Funding Priorities Statement for the Annual Action Plan of the City's Consolidated Plan for Housing and Community Development – November 28, 2017  
**DATE:** November 14, 2017



**SUMMARY:**

The purpose of this memo is to present bi-annual funding priority recommendations for the City's allocation of Federal housing, economic development and social services funds received from the U.S. Department of Housing and Urban Development (HUD). These funds consist of three core programs: (1) Community Development Block Grant (CDBG); (2) HOME Investment Partnership Program (HOME); and (3) Emergency Solutions Grant (ESG). The overall allocation of federal resources to address community needs is prioritized, in part, through a bi-annual funding priorities process approved by the Tacoma City Council (Council) prior to the start of the formal process to solicit applications for funding from service providers, developers, program administrators and other interested parties that rely on these funds to implement their community-based programs and/or activities.

**STRATEGIC POLICY PRIORITY:**

The following strategic policy priorities are best aligned to this action:

- 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.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

**BACKGROUND:**

As a requirement of receiving federal funds from HUD, the City must develop a Five Year Consolidated Plan (Consolidated Plan). The current Consolidated Plan spans fiscal years 2015-2016 to 2019-2020 and expires on June 30, 2020. In conjunction with the Consolidated Plan, the City must also develop Annual Action Plans (AAP) to program the use of federal dollars over a single fiscal year. The recommended 2-year funding priorities will be in place during the fourth year of the current Consolidated Plan period and will take it through to its final year.

To facilitate this process, the Tacoma City Council biannually approves a Funding Priorities Statement before the start of the application process for the Consolidated Plan annual Program. The purpose of the statement is to provide direction for the selection of housing, social services and community development activities. All programs and projects must be consistent with the Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME) or Emergency Shelter Grant Program (ESG), or any other funding source regulations as applicable. CDBG projects must meet one of the three major national objectives: (a) benefiting lower income persons, (b) removing blight, or (c) meeting an urgent need. HOME projects must provide housing or assist in housing for low-income persons and ESG projects must provide a service or shelter to benefit homeless persons.

The Funding Priorities are organized into six categories: (1) General; (2) Set-asides; (3) Housing; (4) Community Development; (5) Economic Development; and (6) Human Services.



Each of the categories, along with the HUD funding sources, is briefly summarized as follows:

1. **General Priorities** (CDBG and HOME) – Funds will support activities that: (a) are consistent with existing plans (e.g. Consolidated Plan, Comprehensive Plan, Human Services Strategic Plan); (b) leverage other funding resources when applicable; (c) can commit funds within 12 to 24 months; (d) are proposed by an organization with a proven capacity for project completion and good management; (e) show reasonable cost effectiveness; and (f) do not require General Fund monies for project operation and maintenance.
2. **Set-Aside Priorities** – Set aside amounts from the annual CDBG grant: (a) up to 50% for housing development & rehabilitation; (b) 15% (HUD Maximum) to support human services; and (c) up to \$100,000 for community development (neighborhood improvement projects such as Local Improvement District (LID) assistance, sidewalk repair or replacement, and innovative grants).
3. **Housing Priorities** (CDBG and HOME) – The priorities for Housing activities are: (a) homeownership programs that benefit low-income owners with repairs and rehabilitation; (b) programs that assist first-time homebuyers to purchase a home; (c) programs that maintain and expand affordable rental housing for families and the elderly; and (d) programs that provide supportive housing for homeless and/or special needs individuals and families that may include emergency and transitional shelters, and special needs housing with support services. In furtherance of these efforts, staff recommends funding the following low-income housing programs at the noted funded level: Homeowner occupied Neighborhood Preservation Program which includes single family rehabilitation and energy improvements (CDBG \$500,000), Emergency Major Home Repair (CDBG \$150,000), and Down Payment Assistance for first time home buyers (HOME \$250,000).
4. **Community Development Priorities** (CDBG only) – The priorities for Community Development are activities that support neighborhood improvements for lower income residents such as: (a) payment of LID assessments for lower income homeowners; (b) street-related improvements such as sidewalk repair or replacement in lower income neighborhoods; (c) eligible neighborhood innovative grant projects; and (d) public facilities.
5. **Economic Development Priorities** (CDBG only) – The priorities for Economic Development are activities that help increase jobs and business opportunities such as: (a) creation or retention of jobs for lower income persons; (b) business services that support lower income neighborhood and/or lower income groups; (c) financial and technical assistance for disadvantaged persons who own or plan to start a business; and (d) revitalization of blighted or lower income business districts through historic preservation, conservation actions and neighborhood economic development.
6. **Human Services Priorities** (CDBG and ESG) – In 2011, Human Services funding priorities were updated to align with federal HEARTH legislation and respond to changes in ESG regulations. CDBG funds remained targeted toward low and moderate income persons, with a new emphasis on stabilization services that would support individuals and families to move toward housing and economic stability. A category for youth stabilization services was added in 2015 to reflect the local priority to provide services to unaccompanied youth who are at risk for or currently experiencing homelessness. ESG funds were re-focused on HUD's new categories of





eligible activities, including rapid re-housing. The priorities for human services supported with CDBG and ESG funds are identified below.

### CDBG

CDBG funds will support programs that target lower income Tacoma residents, provide stabilization services, and address one of the Funding Priorities listed below. The three funding priorities are of equal importance.

- Housing Stabilization Services: Housing and homelessness prevention services for individuals and families at risk of or currently experiencing homelessness, including tailored services that will lead residents toward more stable housing.
- Economic Stabilization Services: Services that have a direct connection to increasing the economic stability of lower income Tacoma residents, including increased economic opportunity (e.g. through pre-employment training or job placement).
- Youth Emergency Stabilization Services: Housing and intervention/prevention services for unaccompanied youth, up to (and including) age 24, who are at risk of or currently experiencing homelessness.

### ESG

ESG funds will be used for programs which support individuals and families who are experiencing or at risk of experiencing homelessness, as defined by the Department of Housing and Urban Development. Ten percent (10%) of the grant will be reserved for expenses related to administration of the grant and reporting through the local Homelessness Management Information System (HMIS). The remainder of the funds will be used for the following components:

- Street Outreach: Services related to engaging with unsheltered homeless individuals and families and connecting them with emergency shelter, housing, or critical services.
- Emergency Shelter: Operations and essential services associated with provision of emergency shelter to homeless individuals and families.
- Rapid Re-housing: Rental assistance and stabilization services to help individuals and families who are currently homeless into permanent housing and stability.
- Homelessness Prevention: Rental assistance and stabilization services to prevent individuals and families who are at risk of homelessness from losing their housing.

### **ISSUE:**

At issue is the Committees review of the City's 2-Year Funding Priorities of CDBG and HOME funds. While mentioned in this report, the ESG funds are administered by the City's Neighborhood and Community Services Department with oversight provided by the Human Services Commission. Also at issue is the opportunity for the Council to receive public comment on the proposed 2-Year Funding Priorities. A public notice was published on October 3, 2017 in the legal section of The News Tribune



Newspaper specifying the dates and times for members of the public to come and provide such comments to the TCRA and HSC.

On October 11, 2017, the Human Services Commission (Commission) reviewed funding priorities for human services and received public comment on those priorities. The Commission voted to recommend the existing funding priorities to Council for the 2018-2019 Annual Action Plan and use them in the upcoming biennial application process for CDBG and ESG funding.

On November 2, 2017, the Tacoma Community Redevelopment Authority (TCRA) was presented with the funding priorities and received public comment on them. The funding priorities were approved by all but one board member and no public comments were received.

On November 9, 2017 CED and NCS staff was scheduled to present these funding priorities to the Community Vitality and Safety Committee (Committee). Due to time constraints staff was unable to present the item during the meeting and a recommendation for staff to present the item during regular study session was made by the Committee.

On November 14, 2017 CED and NCS staff presented these funding priorities to City Council during a regular study session.

On November 28, 2017, City Council will be asked to approve these funding priorities at its regularly scheduled Council meeting.

#### **ALTERNATIVES:**

The alternatives presented in this report constitute one course of action. These priorities are based on staff's assessment of the progress made on addressing the current 2-Year Funding Priorities and the need to continue with these Funding Priorities through the current HUD-mandated Consolidated Plan cycle.

Other options include, but are not limited to, changing the funding mix within the CDBG funding priorities, such as allocating more (or less) of the CDBG grant to housing related activities. Presently, this allocation is up to 50% of the CDBG annual allocation. Other options involve possible changes to economic development priorities by emphasizing a preference for service providers that have capabilities that go beyond entrepreneurial training. Additional options could be to place greater emphasis on public improvements and infrastructure projects that would benefit lower-income communities. While possible, changes of this nature would require a more intensive staff review of possible alternatives which would likely have an adverse impact on the scheduled delivery of the final Annual Action Plan under the current 2015-2019 Consolidated Plan. The final Annual Action Plan is due to HUD in the spring of 2018. Furthermore, other alternatives of this magnitude might conflict with the existing Consolidated Plan and would have to be approved by HUD.

#### **RECOMMENDATION:**

Authorizing the recommendations identified in this report will allow staff to have a clear set of parameters to implement the PY 2018-2019 Annual Action Plan.

#### **FISCAL IMPACT:**

There is no impact to the City's General Fund as a result of this action. Council approval will provide the policy decision for staff to make funding and program recommendations once HUD identifies its allocation amounts available to the City for CDBG, HOME and ESG funds. Specific funding amounts



should be made available by HUD in the spring of 2018 and will be presented to the Council for consideration at that time.

**EXPENDITURES:**

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
N/A			
<b>TOTAL</b>			

\* General Fund: Include Department

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
N/A			
<b>TOTAL</b>			

**POTENTIAL POSITION IMPACT:**

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
N/A			
<b>TOTAL</b>			

*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: N/A**

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? N/A**