



TO: Elizabeth Pauli, City Manager; and Tadd Wille, Deputy City Manager
FROM: Jeff Robinson, Director, Community and Economic Development
Felicia Medlen, Housing Division Manager, Community and Economic Development
COPY: City Council and City Clerk
SUBJECT: Request for Council Approval of a Substantial Amendment to the City of Tacoma's 2019-2020 Annual Action Plan - January 12, 2021
DATE: December 22, 2020

SUMMARY AND PURPOSE:

The Community and Economic Development Department requests approval of an amendment to the City of Tacoma's 2019-2020 Annual Action Plan (AAP). The amendment will incorporate \$1,372,676 in Coronavirus Aid, Relief, and Economic Security Act Community Development Block Grant (CDBG-CV) funds to prevent, prepare for, and respond to coronavirus.

BACKGROUND:

This Department's Recommendation is Based On: The City is required to submit an AAP to the federal Department of Housing and Urban Development (HUD) to receive entitlement funding. The AAP outlines the uses of Community Development Block Grant (CDBG) HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) funds. Periodically, changes to submitted AAPs are necessary. Depending on the significance of the change, the City must implement a "substantial amendment" process.

The City has received \$1,372,676 in CDBG-CV emergency assistance to be made available in response to the circumstances created by the COVID-19 pandemic. As a result, on January 12, 2021, the City Council will receive a request to approve a substantial amendment to the City of Tacoma's 2019-2020 (July 1, 2019 - June 30, 2020) AAP, which incorporates the spending plan for CDBG-CV funds.

The following activities will be funded using this allocation:

- CDBG-CV Public Services: \$922,676
- CDBG-CV Economic Development Assistance: \$450,000

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

During the summer of 2020, the City of Tacoma conducted community surveys to gather input from residents on the city's spending priorities for the 2021-22 biennium. 30% of respondents called for the City to make more affordable housing options available. 26% cited the need to attract, retain, and grow business to the city.

Eligibility criteria for CDBG-CV grant activities are set by HUD. Households and small business owners earning 80% or less of Pierce County's Area Median Income (AMI) will benefit from the programs funded with this additional grant. Efforts will be made to ensure that historically underrepresented populations are aware of program requirements and benefits.

Five business days prior to the January 5, 2020 public hearing, beginning on December 28, 2020 and ending on January 4, 2020, the City published a legal ad in The News Tribune notifying the public of the opportunity to make verbal comment on the proposed amendment. As a HUD grantee, the City is required to respond to written



comments. A summary of public comments and why the comments were accepted or rejected will be attached to the amendment prior to its submission to HUD.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

The coronavirus pandemic has created unforeseeable circumstances for the City and its residents to respond to. The intention of CDBG-CV emergency funds is to respond to those circumstances, which we know are disproportionately impacting the city's most vulnerable populations and small businesses.

Economy/Workforce: *Equity Index Score:* High Opportunity

Decrease the number of vacant properties downtown and in the neighborhood business districts.
Increase positive public perception related to the Tacoma economy.

Livability: *Equity Index Score:* High Opportunity

Improve health outcomes and reduce disparities, in alignment with the community health needs assessment and CHIP, for all Tacoma residents,
Increase positive public perception of safety and overall quality of life.

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

The coronavirus has created unprecedented obstacles for Tacoma's small businesses. Although the statewide Stay Home, Stay Healthy mandate and Safe Start reopening plan have been vital to decreasing the spread of coronavirus, small business operations are substantially impacted by closures and/or increased costs to meet the requirements of the state's business activity guidelines.

CDBG-CV emergency allocated to Economic Development Assistance will support the sustainability of small business recovery during the pandemic. Activities outlined in the AAP minimize the number of properties in downtown and in neighborhood business districts that become vacant and increase positive public perception related to the Tacoma economy.

The impacts of these mandates are shared by Tacoma's residents. Households faced with pandemic-related job losses or diminishing income struggle to cover household expenses while falling further into debt. CDBG-CV funds allocated to Public Services will provide financial support to these households for emergency housing assistance payments. Activities outlined in the AAP improve health outcomes for Tacoma's residents and increase the positive public perception of safety and overall quality of life.

The City allocates its funds citywide. It does not concentrate its funding through a "Target Area" as defined by HUD. The Equity Index score for the above indicators reflects the citywide score.



ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Not approve the amendment		The City is unable to submit the amended AAP to HUD. Emergency CDBG-CV funds are not dispersed by HUD.
2. Request changes to the spending plan	Council provides additional input on CDBG-CV emergency spending decisions.	Postpones the approval of the amendment and, as a result, delays our submittal of the amended AAP to HUD and federal dispersal of emergency CDBG-CV funds.

EVALUATION AND FOLLOW UP:

Each program will track the demographic information of households and businesses served. Program outcomes and expenditures will be reported in the city’s Consolidated Annual Performance and Evaluation Report.

STAFF/SPONSOR RECOMMENDATION:

Staff recommends approving the amendment as presented.

FISCAL IMPACT:

The proposed substantial amendment to the City’s AAP will incorporate the spending plan for federal CDBG-CV funds totaling \$1,372,676 granted by HUD. Submitting the amendment will trigger dispersal of grant funds to the City and budgeted as follows:

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1195-FGRT – Special Rev Fund Federal Grants	GRT-00534	4331281	\$1,372,676
TOTAL			\$1,372,676



What Funding is being used to support the expense? Various

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

NO, PLEASE EXPLAIN BELOW

The emergency grants provided by HUD are to be used to respond to the coronavirus pandemic, which were unanticipated during the planning of the current biennium budget. These funds are included for the 2021-2022 biennium budget since funds would be made available next year and need to be expended by December 31, 2021.

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

YES

Failing to approve the amendment and, as a result, failing to submit the amended AAP to HUD, will delay or prevent federal dispersal of emergency CDBG-CV funds.

Will the legislation have an ongoing/recurring fiscal impact?

No

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

No

ATTACHMENTS:

2019-2020 Annual Action Plan – Fourth Amendment