

# **City of Tumwater 2024 Community Development Block Grant (CDBG) Prioritization and Contingencies Discussion**



**City Council Work Session – January 23, 2024**

# Intent

- Provide guidance on the City's priorities for the 2024 federal Community Development Block Grant (CDBG) funding process
- Schedule meeting of the Budget and Finance Committee in late April to hear presentations by applicants
- Schedule City Council consideration of the Budget and Finance Committee recommendation for early May



# Background

- Pursuant to an interlocal agreement, Tumwater shares the annual CDBG funding on a three-year rotation with south Thurston County and the City of Lacey
- The City of Olympia has its own entitlement and is not part of the three-year rotation
- Tumwater received funds in 2015, 2018, and 2021, and will do so again in 2024
- The City contracts with the Thurston County housing staff to provide the administration of the funds



# Background

- On a three-year cycle, the City issues Requests for Proposals (RFPs) for federal CDBG funds
- In past years, the RFPs have been for services and capital projects that benefit low- and moderate-income persons in designated census tracts
- In 2018 and 2021, the City prioritized affordable housing and public service activities and did not consider applications for public facilities or economic development



# Fiscal Note

- The exact amount of CDBG available for allocation by the City in 2024 is still being determined
- The amount available each year is determined by Congress through the U.S. Department of Housing and Urban Development (HUD) and is generally about one million dollars
- Typically, Thurston County retains 20% to cover administrative costs
- Up to 15% of the total annual CDBG funding may be used for social services and the remaining is designated for capital projects, economic development activities, public improvements, and public facilities
- There are additional rules about eligible capital costs



# Funding History

2021			
2021 Services			
	Boys & Girls Clubs of Thurston County	Tumwater Boys & Girls Clubs Scholarships for LMI Youth	\$56,640.00
	Catholic Community Services SW	The Community Kitchen (Tumwater – CDBG)	\$11,520.00
	Senior Services for South Sound	Home Share – Tumwater	\$16,047.65
	TOGETHER!	Tumwater Community Schools	\$100,000.00
	Services Subtotal		\$184,207.65
2021 Capital			
	Homes First	Affordable Rental Homes for Tumwater	\$200,000.00
	Housing Authority of Thurston County	Sequoia Landing – Phase II	\$267,414.44
	Rebuilding Together Thurston County	Critical Home Repairs – CDBG Tumwater	\$30,000.00
	SPS Habitat for Humanity	Critical Home Repairs – CDBG Tumwater	\$100,000.00
	SPS Habitat for Humanity	Tumwater Townhomes Buy Down	\$300,000.00
Capital Subtotal		\$897,414.44	
2021 TOTAL			\$1,081,622.09



# Funding History – 2021 – Contingency

- The City Council made funding for the Housing Authority of Thurston County's Sequoia Landing – Phase II project contingent on the applicant's purchase of the property and established contingencies to fund other projects if that did not happen



# Process

- After the City Council determines the parameters for awarding the funds in this cycle, Thurston County Public Health & Social Services staff will administer the RFP and the selection process
- If an RFP is chosen for some or all the funds, the City Council will have to make decisions on how the funds will be allocated
- That could be done by the City Council as a whole or by a committee
- Presentations from applicants may or may not be required
- Those decisions would have to be made by the City Council



# Process

- The City's selection of projects are recommendations that go to the County Board of Commissioners who have the final authority; as Thurston County is the legal entity for receiving the funds from HUD
- The City's decisions need to be made by late April or early May to allow Thurston County Public Health & Social Services staff to prepare for setting a public hearing, presenting the draft plan to the Commissioners for approval, and submitting the plan to HUD



# Options

1. Issue an RFP, as the City has done in past years
  - The RFP would go out in late February at the same time as the other RFPs for County and RHC funding
  - If Tumwater wants to identify specific funding priorities to include in the RFP, Thurston County would need those by late January so they can finalize the application and RFP, or it can be open to any eligible CDBG-activity
  - The City would also need to specify if services are eligible and to what percentage, up to 15%



# Options

2. The City Council can decide on its own to make one or more allocations, without going through the RFP process
3. A combination of those two approaches by holding back a certain amount of funds for the City Council to allocate directly and use the RFP process for the remainder of the funds

# Staff Recommendation

- Given the need for additional housing and the City Council's priority to address affordable housing and homelessness, staff recommends that 80 percent of these funds that are at the discretion of the City Council be designated for the support of capital costs associated with the creation of new low-income housing in Tumwater, with a priority on leveraging additional investment in low-income housing
- The remainder would be available to other eligible capital or service expenses, up to the maximum allowed and Thurston County would issue an RFP to solicit proposals pursuant to this direction



# Staff Recommendation

- For the process for the allocation of the funds, staff recommends that the Budget and Finance Committee schedule a meeting in second half of April 2024 to receive presentations and make recommendations to the full City Council for consideration in early May



# Schedule

RFP/Funding Process Timeline	
<b>January 23, 2024</b>	City Council work session – CDBG Prioritization and Contingencies Discussion
<b>February 9, 2024</b>	Information finalized for RFP Instructions/materials
<b>February 23, 2024</b>	RFP Issued
<b>March TBD, 2024</b>	Application workshop
<b>April 5, 2024</b>	RFP Closed
<b>April 8, 2024</b>	Thurston County Public Health & Social Services staff review applications for eligibility and risk
<b>April 9, 2024</b>	City of Tumwater to receive applications
<b>April TBD, 2024</b>	Presentations to Tumwater Budget and Finance Committee by applicants
<b>May 7, 2024</b>	City Council approves award recommendations
<b>May 17, 2024</b>	Annual Action Plan posted for public review and public comment period begins
<b>June 18, 2024</b>	Public Hearing and BoCC approval
<b>End of June 2025</b>	Thurston County sends conditional award letters to agencies, notifies agencies not selected for funding
<b>September – October 2024</b>	Contracts executed with funded agencies after grant agreement received from HUD and environmental reviews completed

