TO: City Council

FROM: Brad Medrud, Planning Manager

DATE: May 7, 2024

SUBJECT: 2024 Community Development Block Grant (CDBG) Funding Recommendation

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1)   Recommended Action:

Approve the City's 2024 Community Development Block Grant (CDBG) award recommendation to the Thurston County Board of Commissioners based on the Budget and Finance Committee's funding recommendation at their April 23, 2024 meeting.

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2)   Background:

In 2015, Thurston County became an Entitlement County for federal CDBG funds. 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.

On a three-year cycle, the County issues Requests for Proposals (RFPs) on behalf of the City for federal CDBG funds. Prior to Thruston County issuing the RFP, the City Council directed on January 23, 2024, that due to the need for affordable housing after accounting for 20% of the funds for County administration, 85% of the funds would be directed to housing capital projects and a maximum of 15% of the funds would help support public services as it did In 2018 and 2021.

The applications attached are a result of the RFP issued by Thurston County for Tumwater CDBG Funds supporting Housing Capital Projects and Public Services.

Funding Summary:
- Total PY24 Award: ~$1,200,000 (Estimate, still waiting for final number from HUD)
- Total Available for County Administration (20% of award): ~$240,000
- Total Available for Public Services (15% maximum of award after administration): ~$180,000 ($339,238.40 Requested)
- Total Remaining for Housing Capital Projects (minimum 85% of award after administration): ~$780,000 ($1,055,000 Requested)

Ten total applications were received. Four applications were received for housing capital projects and six were received for services. The Budget and Finance Committee met on April 23, 2024, to review the ten applications, interview the applicants, and allocate funding as part of its recommendation to the City Council.

The timeliness tool was developed as part of the County's workout plan with HUD to assess RFP applications on their ability to maintain timely spend downs and project completion. This will help inform the City Council's decision-making process around CDBG award decisions.

Alex Persse, an Affordable Housing Program Manager, and Sharif Hocine, Affordable Housing Program Specialist, at Thurston County Public Health & Social Services will be

available to assist with the process.

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3)   Policy Support:

Strategic Priority to Build a Community Recognized for Quality, Compassion and Humanity with a goal of "Work with government, non-profit, and private partners to develop and implement a performance-based plan for affordable housing and to address homelessness."

Housing Element Goal H-3: To provide adequate, affordable housing for residents of all income groups, including sufficient housing affordable to low and moderate-income groups.

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4)   Alternatives:

❑ None.

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5)   Fiscal Notes:

The exact amount of federal CDBG funds 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 staff are estimating it will be approximately 1.2 million dollars. Typically, Thurston County retains 20% to cover administrative costs. There is not a City contribution. These funds will be available in September. The funds are not in the City budget because the contracts and payments are managed directly by the County.

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6)   Attachments:

A. 2024 Tumwater CDBG Staff report and Applicant Summary
B. RFP Instructions
C. CDBG Applications: Housing Capital Projects and Public Services Projects
D. Timeliness Risk Assessment Tool
E. Timeliness Risk Assessment Tool – Narrative