

STAFF REPORT

Date: April 23, 2024

To: Budget and Finance Committee

From: Brad Medrud, Planning Manager



CDBG Application Review Process

On a three-year cycle, the City issues Requests for Proposals (RFPs) for federal Community Development Block Grant (CDBG) funds. For this cycle, the City Council prioritized affordable housing and public service activities and did not consider applications for public facilities or economic development. The complete RFP from 2024 is Attachment F of the meeting packet.

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1 – Background

In 2015, Thurston County became an Entitlement County pursuant to federal CDBG funds. In accordance with an interlocal agreement, Tumwater shares the annual CDBG funding on a three-year rotation with south Thurston County and City of Lacey. The City of Olympia has its own entitlement and is not part of the rotation. Tumwater has had funds in 2015, 2018, 2021, and again in 2024. The City contracts with Thurston County Public Health & Social Services Department housing staff to provide the administration of the funds.

The primary eligibility requirement for any CDBG funds is that the projector program principally benefits low- and moderate-income persons in designated census tracts. The U.S. Department of Housing and Urban Development (HUD) defines low and moderate income as a household that is at or below 80% of the median income for the area. HUD annually adjusts these income guidelines. Eligibility must be monitored for participants, or in the case of senior or houseless individuals, they are presumed to qualify.

The amount available each year is determined by Congress through HUD. The County is still waiting to hear what the final numbers will be from HUD, but staff estimates that it will be ~\$1,200,000. Thurston County will retain 20% of the total annual CDBG funding (~\$240,000) to cover the administrative costs. For the 2024 CDGB cycle the City Council decided at their January 23, 2024, work session that up to 15% of the remaining CDBG funding will be used for public services (~\$180,000) and the residual is designated for housing capital projects (~\$780,000).

2 – Funding History

The history of previous awards is below. In previous years, the City issued an RFP for both public services and capital projects. Proposals were not restricted specifically to those providing services inside the City of Tumwater, although the capital projects generally only occurred in Tumwater. In 2018 and 2021, the City excluded public facilities and economic development from eligibility for services.

Year	Organization	Activity	Amount
2015			
2015 Services			
	Boys & Girls Club of Thurston County	Scholarship Assistance	\$22,684.00
	Enterprise for Equity	Business and Financial Support Services	\$40,100.00
	Catholic Community Services SW	Community Kitchen	\$17,000.00
	Catholic Community Services SW	Drexel House	\$22,000.00
	Services Subtotal		\$101,784.00
2015 Capital			
	City of Tumwater	Pioneer Street Sewer	\$30,000.00
	Community Action Council	Deschutes Cove Sewer	\$504,838.00
	Homes First	Community Housing Development – Tumwater	\$116,936.52
	Rebuilding Together	Safe and Healthy Homes Program	\$33,351.21
	Safe Place	Community Service Center Improvements	\$40,000.00
	Capital Subtotal		\$725,125.73
2015 TOTAL			\$826,909.73

Year	Organization	Activity	Amount
2018			
2018 Services			
	Boys & Girls Clubs of Thurston County	Scholarship Assistance	\$25,822.00
	Catholic Community Services SW	Community Kitchen	\$25,694.00
	Family Education and Support Services	Resilience Center Acquisition	\$120,000.00
	Services Subtotal		\$171,516.00
2018 Capital			
	Homes First	Affordable Rental Homes	\$437,480.00
	Interfaith Works	Regional Support for Community Care	\$32,236.00
	TOGETHER!	Tumwater Community Schools	\$92,699.00
	Union Gospel Mission	Genesis Acres Sewer	\$237,244.00
	Capital Subtotal		\$799,659.00
2018 TOTAL			\$971,175.00
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 ¹

¹ The Council voted to award this amount upon the condition that the applicant could purchase the property by September 1, 2022. The Council unanimously decided that were the applicant to refuse the funding award or were it unable to meet the conditions of the award that the Council might first consider funding the applicant's purchase of the Oyo Tumwater hotel for conversion into multifamily rental units. If the Oyo project were found to be ineligible to receive CDBG funds, not a viable project or otherwise not suited for CDBG funds, the funding would then be distributed among Habitat for Humanity's Townhome Buy Down project and Homes First's Affordable Rental Homes with \$167,414.44 provided to Habitat and \$100,000 of the award provided to Homes First. Council further deliberated this item at the May 4, 2021, Tumwater City Council meeting.

Year	Organization	Activity	Amount
	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

3 – General 2024 RFP Review Process

Background

After the City Council determined the parameters for awarding the funds in this cycle in January 2024, Thurston County Public Health & Social Services staff administered the RFP. Because an RFP was chosen for all the funds, the City Council will have to make decisions on how the funds will be allocated.

The Budget and Finance Committee meeting on April 23, 2024, will interview the ten RFP applicants and make recommendations to the full City Council for consideration at their May 7, 2024, regular meeting.

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. Tumwater's decisions need to be made by late April or early May 2024 to allow time for Thurston County Public Health & Social Services staff to perform a risk assessment of projects and a few other activities in preparation for setting a public hearing, presenting the draft plan to the Commissioners for approval, and submitting the plan to HUD.

Applications

Ten total applications were received. Four applications were received for housing capital projects and six were received for services. The ten applications are Attachments C1 through C10 of the Budget and Finance Committee April 23, 2024, meeting packet. Summaries of the four housing capital project applications are found in Appendix A to this staff report and summaries of the public service applications are found in Appendix B to this staff report. The interview schedule is Attachment A of the meeting packet.

County and City staff have reviewed the applications to ensure they met the minimum eligibility requirements. This included a threshold review to ensure applications specify and include the minimum criteria below. An eligible project must meet all four of the following criteria:

1. The activity must be eligible under HUD regulations (24 CFR 570.200-570.204);
2. The activity must meet the HUD CDBG National Objective to benefit LMI persons;
3. The activity must benefit low-income populations within the City of Tumwater; and

4. The activity is carried out by an applicant that has the ability to meet and maintain compliance with applicable federal, state, and/or local regulations, as identified.

Budget and Finance Committee April 23, 2024, Meeting Agenda

10:00 AM – Process Outline

Staff will explain the selection and interview process to the Budget and Finance Committee members.

10:05 AM – Housing Capital Project Interviews (4)

10:05 AM – 10:45 AM – The four Housing Capital Project applicants will be invited to present their proposals and answer any questions from the Budget and Finance Committee. Each applicant will have ten minutes.

The interview times and contact list for the applicants is found as Attachment A of the meeting packet.

10:45 AM – Public Services Project Interviews (6)

10:45 AM – 11:45 AM – The six Public Service Project applicants will be invited to present their proposals and answer any questions from the Budget and Finance Committee. Each applicant will have ten minutes.

The interview times and contact list for the applicants is found as Attachment A of the meeting packet.

11:45 AM – Committee Discussion and Recommendations

The Budget and Finance Committee will then select eligible projects to receive funds.

Applications should be evaluated by the Budget and Finance Committee on the following criteria:

- The conceptual soundness of the project;
- The financial feasibility of the project; and
- The applicant's demonstrated ability to implement the project and comply with CDBG program regulations.

Because more money was requested for both the Housing Capital Projects and the Public Services Projects than will likely be available from HUD, the Budget and Finance Committee will need to decide how to allocate the potential total funds from HUD to each of the selected projects. A Preliminary Funding Table is Attachment G of the meeting packet.

In addition, because the final HUD allocation is not known at this time, the Budget and Finance Committee will need to decide on contingencies to address how awards will be adjusted if the final HUD allocation is less or more than the current estimate.

Next Steps

The Tumwater City Council will take the Budget and Finance Committee recommendation and select funded projects at the May 7, 2024, regular meeting.

Conditional award letters will then be sent to successful applicants to officially notify them of their HUD award. The award letter will indicate information on how to proceed with the NEPA level/HUD Environmental Review. The Environmental Review must be completed and approved before a contract is executed. No CDBG funds will be reimbursed prior to the execution of a Subrecipient Agreement with the County.

5 – Schedule

RFP/Funding Process Timeline	
January 23, 2024	City Council work session – CDBG Prioritization and Contingencies Discussion
February 9, 2024	Information finalized for RFP Instructions/materials
February 23, 2024	Notification of Funding Availability / RFP published in The Olympian, the County's newspaper of record
March 15, 2024	Bidder's Conference, City Hall
April 5, 2024	Applications due and RFP closed
April 8, 2024	Thurston County Public Health & Social Services staff reviewed applications for eligibility and risk
April 9, 2024	City of Tumwater received applications
April 23, 2024	Presentations to Tumwater Budget and Finance Committee by applicants
May 7, 2024	City Council approves award recommendations
May 17, 2024	Annual Action Plan posted for public review and public comment period begins
June 18, 2024	Public Hearing and BoCC approval
End of June 2025	Thurston County sends conditional award letters to agencies, notifies agencies not selected for funding
September – October 2024	Contracts executed with funded agencies after grant agreement received from HUD and environmental reviews completed

Appendix A – Housing Capital Project Applications

#	Organization	Program/Project	Program/Project Description	Funding Request	Type of Program/ Project	Benefit to Residents of Tumwater	Risk Rating	Previously Received Funding
1	Homes First	Major Rehabilitation - Low Income Clean and Sober Housing	<p>With \$244,530 in City of Tumwater CDBG funds, Homes First said that they will complete a major rehabilitation on a seven-bedroom sober living home, owned by Homes First.</p> <p>When Homes First acquires a property, such as the home described in the application, it makes initial investments to ensure that the housing is safe and decent. While this building is habitable and is currently successfully occupied, during inspection, a number of conditions were noted that Homes First seeks to address fully and promptly.</p> <p>The home will provide sober living rental housing to residents with incomes less than or equal to 50% AMI. The home will house tenants with a high need for stable housing. By making these improvements, Homes First will provide a more decent environment for these individuals and will prepare the home to remain in use as affordable housing in perpetuity.</p>	\$375,000.00	Housing	75% or more of beneficiaries will be Tumwater residents	Low. All audit findings have been resolved.	<p>Homes First received \$116,936.52 for community housing development as part of the 2015 CDGB process.</p> <p>Homes First received \$437,480 for affordable rental homes in Tumwater as part of the 2018 CDGB process.</p> <p>Homes First received \$200,000 for affordable rental homes in Tumwater as part of the 2021 CDGB process.</p>
2	Rebuilding Together Thurston County (RTTC)	Critical Home Rehabilitation Program	<p>RTTC will use awarded funds to do critical home repairs for eligible low-income homeowners and their families in Tumwater, WA. These funds will help RTTC complete critical home repairs and ADA modifications and cover operating expenses on Rebuilding Day projects. RTTC’s overall goal for 2024 is to serve 40 households and 70 people in need in Thurston County.</p> <p>If awarded the requested \$75,000, RTTC estimates that they can provide critical home repair projects at eight households and serve approximately 12 Tumwater residents. There are usually multiple repair projects at each household. RTTC has evolved toward completing larger projects such as plumbing repairs, tub modifications, and sometimes roof replacements to reflect the needs in the community and make the homes last longer.</p>	\$75,000.00	Housing	75% or more of beneficiaries will be Tumwater residents	Medium, no audit conducted in past 24 months (Question #22), however Monitoring conducted with NO program monitoring findings in past 24 months (Question #23).	Rebuilding Together Thurston County received \$30,000 for critical home repairs as part of the 2021 CDGB process.
3	South Puget Sound Habitat for Humanity	Critical Home Repairs	SPSHFH launched the Critical Home Repair (CHR) program in 2020. The goal of CHR is to keep low- to moderate-income homeowners in their homes by fixing major issues that could make their homes uninhabitable and potentially leaving them vulnerable to homelessness. The program is designed for low-income homeowners who have experienced financial hardships and, as a result, may find themselves unable to maintain, add, or repair critical aspects of their homes. SPSHFH will provide affordable, critical home repairs to prevent low-income homeowners from being displaced from their residences and improve the quality and health of those homes.	\$45,000.00	Housing	<p>The organization is not located in Tumwater and will serve all county residents.</p> <p>75% or more of beneficiaries will be Tumwater residents</p>	Low	SPS Habitat for Humanity received \$100,000 for critical home repairs as part of the 2021 CDGB process.
4	South Puget Sound Habitat for Humanity	Tâlicn Townhomes Buy Down	<p>SPSHFH proposes using \$560,000 in CDBG funding to buy down the purchase price of a Tâlicn Townhomes for 14 homeowners by \$40,000 each, thereby making their second silent loans similar amounts. The county will use CDBG funds to buy down the sales price to reduce the homeowners’ second silent loans to an equitable amount. Due to homebuilding costs skyrocketing, SPSHFH expect Habitat home values to continue to rise and the homeowners to have even larger silent second loans.</p> <p>By having a portion of the sales price of their home bought down, homeowners will begin homeownership with even greater equity in their homes than they would without the buy down. They will begin homeownership on a more stable foundation for their family’s future to grow and thrive upon.</p>	\$560,000.00	Housing	<p>The organization is not located in Tumwater and will serve all county residents.</p> <p>75% or more of beneficiaries will be Tumwater residents</p>	Low	SPS Habitat for Humanity received \$300,000 for the Tumwater Townhomes (Tâlicn Townhomes) buy down as part of the 2021 CDGB process.
			Total Housing Projects Funding Requests	\$1,055,000.00				
			Potential Total Available from HUD	\$780,000.00				

Appendix B – Public Service Applications

#	Organization	Program/Project	Program/Project Description	Funding Request	Type of Program/Project	Benefit to Residents of Tumwater	Risk Rating	Previously Received Funding
5	Boys and Girls Clubs of Thurston County	Tumwater Boys & Girls Club Scholarships for LMI Youth	<p>This project will support scholarship funding for up to 70 eligible youth attending the Tumwater Club during the 2024-25 school year.</p> <p>At the Club, members connect with friends and caring adult mentors. They join the Club community and take part in activities focused on academic success, character and citizenship, and healthy lifestyles.</p>	\$55,069.00	Services	Organization is located in Tumwater and will only serve Tumwater residents	Low	<p>The Boys & Girls Clubs of Thurston County received \$56,640.00 for Tumwater Boys & Girls Clubs Scholarships for LMI Youth as part of the 2021 CDGB process.</p> <p>The Boys & Girls Clubs of Thurston County received \$25,822.00 for scholarship assistance as part of the 2018 CDGB process.</p> <p>The Boys & Girls Clubs of Thurston County received \$22,684.00 for scholarship assistance as part of the 2015 CDGB process.</p>
6	Catholic Community Services	The Community Kitchen	<p>The funding provided CCS will be used to purchase food supplies and afford staff to sustain The Community Kitchen efforts in serving homeless people (temporarily sheltered and unsheltered). Funding will be used to provide meal services at least six days a week and potentially seven days a week. The Kitchen will provide both offsite and on-site feeding services to those living unsheltered and in-shelters. Funds will be used to pay for the production and distribution of meals. By providing families, veterans, young people, elderly and others with nutrient dense meals, The Kitchen will help students focus at school, help working people be productive at work, and help unsheltered people sustain their health as they work on finding sheltering.</p>	\$3,169.40	Services	Organization is not located in Tumwater and will serve all county residents	Low. All audit findings have been resolved.	<p>Catholic Community Services received \$11,520.00 for the Community Kitchen as part of the 2021 CDGB process.</p> <p>Catholic Community Services received \$25,694.00 for the Community Kitchen as part of the 2018 CDGB process.</p> <p>Catholic Community Services received \$17,000.00 for the Community Kitchen and \$25,000.00 for the Drexel House as part of the 2015 CDGB process.</p>
7	Family Education and Support Services	Peer Recovery Specialist	<p>Family Education and Support Services is applying for CDBG-Tumwater Public Service funds to sustain their Tumwater based Peer Recovery Specialist program. Family Education and Support Services will serve over 50 low-moderate income adults (parents/caregivers) impacted by substance abuse and/or mental health concerns. Their goal is to promote healthy child development by providing support, training and concrete goods to the adults who influence child well-being through peer case workers. Their Peer Recovery Specialists or PRS case workers will bring the wisdom of lived experience, the resources of evidence-based programing, concrete goods, and the knowledge of their everchanging community services landscape to parents/caregivers impacted by substance abuse and/or mental health concerns. PRS case workers will complete an initial screening with participants to evaluate emergent needs and then collaborate to</p>	\$58,000.00	Services	Organization is located in Tumwater and will serve all county residents	Low	<p>Family Education and Support Services received \$120,000.00 for the Resilience Center Acquisition as part of the 2018 CDGB process.</p>

			develop and implement a plan that will be re-visited at 3- and six-month intervals. PRS case workers will strive to improve access to basic services intended to improve health and well-being across several domains (physical, financial, emotional, familial).					
8	Senior Services for South Sound	Home Share Program	<p>Home Share Program staff will field all program inquiries, process new applications including background checks and reference calls, conduct entrance interviews, in-person meetings and home visits, and do matchmaking work to bring together a compatible duo for a Home Share living arrangement. Further, Home Share Program staff will work diligently on marketing and outreach efforts to ensure that the Home Share Program continues to be a trusted resource in our community.</p> <p>After initial placements occur, the Program Manager remains in touch with both the home provider and home seeker to ensure that the parties are managing well. The Home Share Program will remain available to mediate any challenges, and if needed, intervene to protect the participants from continued negative experiences. A fundamental goal of the program is to ensure the safety of seniors, so great lengths are taken to do so.</p>	\$23,000.00	Services	Organization is not located in Tumwater and will serve all county residents	Low	Senior Services for South Sound received \$16,047.65 for the HomeShare program as part of the 2021 CDGB process.
9	Thurston County Food Bank	TCFB Home Delivery and Other Bank	<p>The proposed program will enable TCFB to work with community partners and enhance TCFB services, focusing primarily on vulnerable populations, including seniors and individuals with disabilities. Enhancing the TCFB home delivery service ensures that seniors and individuals facing mobility issues can still benefit from the services provided by TCFB. The TCFB program provides a “wellness system” for individuals, which is often the only outside connection they have. The TCFB program ensures a layer of safety and security and fosters a sense of trust and familiarity. Many seniors receive support from volunteers, staff, or community partners they are already familiar with, creating trust and continuity of care. Furthermore, seniors often have unique dietary needs and preferences due to health and age-related factors. The TCFB home delivery tailors food packages to meet the specific needs of seniors, including options that are easier to prepare or better suited to their nutritional requirements. The program offers both a tailored approach and also ensures convenience and comfort for seniors who may find it challenging to navigate transportation or a visit to a satellite location</p>	\$100,000.00	Services	Organization is located in Tumwater and will only serve Tumwater residents	Low. All audit findings have been resolved.	The Thurston County Food Bank did not receive funding as part of the 2015, 2018, or 2021 CDGB process.
10	TOGETHER!	Tumwater Community Schools	<p>By aligning school and community partners’ resources and expertise, every child can access academic, developmental, health and social supports to graduate on time. In partnership with Tumwater School District, TOGETHER! has operated the Tumwater Community Schools program for ten years and plans to continue the evidence-based Community Schools (CS) model to close the opportunity gap for students experiencing poverty and homelessness (or other significant barriers). TOGETHER! plans to employ five Community Schools Managers (CSMs) serving eight schools: Tumwater, Cascadia, & Black Hills High; Tumwater Middle; and Peter G. Schmidt, Michael T. Simmons, East Olympia, & Tumwater Hill Elementary Schools.</p> <p>CSM’s primarily case manage (1:1) at-risk students as identified by early warning school data indicators such as housing status, academic struggle, attendance, behavior and/or income status. Students receive connection with a caring adult; basic need supports including housing, transportation, physical/mental health services and more. The most transformative offering is homelessness prevention for families at risk of losing housing. CSMs identify students and offer support, saving students from hardship and trauma, and saving the community the hardship of re-housing. CSMs meet with every homeless student at target schools to ensure they receive every support, including re-housing support. Each CSM directly manages 60 students/year.</p>	\$100,000.00	Services	Organization is located in Tumwater and will only serve Tumwater residents	Low	<p>Together! received \$100,000.00 for Tumwater Community Schools as part of the 2021 CDGB process.</p> <p>Together! received \$92,6993.00 for Tumwater Community Schools as part of the 2018 CDGB process.</p>
			Total Public Services Funding Requests	\$339,238.40				
			Potential Available from HUD	\$180,000.00				