

MEMORANDUM



Date: May 5, 2026
To: City Council
From: Kelly Adams, Assistant City Administrator

2026 Community Development Block Grant Program

On a two-year cycle, the City issues Requests for Proposals (RFPs) for federal Community Development Block Grant (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, 2021, 2024, and 2026 the City prioritized affordable housing and public service activities and did not consider applications for public facilities or economic development.

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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. The Cities of Lacey and Olympia have their own entitlement and are not part of the rotation. Tumwater has had funds in 2015, 2018, 2021, and again in 2024 and contracts with Thurston County Public Health and Social Services Department housing staff to provide the administration of the funds.

The primary eligibility requirement for any CDBG funds is that the proposed 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 and is generally about one million dollars. Thurston County retains 20% of the total annual CDBG funding to cover the 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

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, 2021, and 2024, the City excluded public facilities and economic development from eligibility for services.

In issuing the RFP in 2026, the City noted:

The City of Tumwater is soliciting applications for CDBG funding, which is available for activities that involve public services and housing benefitting low- and moderate-income individuals/households. Examples of such activities are listed below.

Public Services

Up to 15% of the total CDBG allocation may be used for public services (approximately \$120,000). Public service activities must be provided by organizations located in the City of Tumwater or serving Tumwater residents. First priority will be given to public service providers located in Tumwater and serving Tumwater residents. Second priority will be given to organizations which are not physically located in Tumwater but are serving Tumwater residents. Funding for public services is at the discretion of City of Tumwater elected officials.

Examples of eligible public services activities include, but are not limited to:

- Job training
- Crime prevention
- Health services
- Services for houseless persons
- Substance abuse services
- Fair housing counseling
- Education programs
- Food assistance programs

Affordable Housing

Examples of eligible activities that would provide affordable housing include, but are not limited to:

- *Acquisition of real property that is or will be used to provide permanent affordable housing;*
- *Repairs, rehabilitation and maintenance to homeowner occupied single-family homes (i.e., home repair program);*
- *Energy efficiency improvements to homeowner occupied single-family homes (i.e., weatherization program);*
- *Repairs and rehabilitation/preservation to multi-family rental units;*
- *Repairs and rehabilitation/preservation to single-family rental units;*
- *Water and sewer improvements in support of affordable housing units;*
- *Homebuyer assistance (i.e., down payment assistance or buy down of a home's purchase price);*
- *Publicly owned infrastructure or offsite street improvements in support of housing units (i.e., repair or installation of streets, street drains, storm drains, curbs and gutters, or traffic lights/signs that are required per the City's permitting process in order to create or preserve housing units);*
- *Any combination of the above.*

Note: *Affordable Housing projects are a type of CDBG-Capital project.*

Tables 1-4 display the historical award data from 2015, 2018, 2021, and 2024.

Table 1. Tumwater Community Development Block Grant Awards 2024

<i>Public Services</i>	<i>Awardee</i>	<i>Activity</i>	<i>Amount</i>
1	Boys and Girls Clubs of Thurston County	Tumwater Boys & Girls Club Scholarships for LMI Youth	\$40,000.00
2	Catholic Community Services	The Community Kitchen	\$3,200.00
3	Family Education and Support Services	Peer Recovery Specialist	\$31,800.00
4	Senior Services for South Sound	Home Share Program	\$15,000.00
5	Thurston County Food Bank	TCFB Home Delivery and Other Bank	\$30,000.00
6	TOGETHER!	Tumwater Community Schools	\$64,397.85
		Services Subtotal	\$184,397.85
<i>Capital Projects</i>	<i>Awardee</i>	<i>Activity</i>	<i>Amount</i>
1	Homes First	Major Rehabilitation – Low Income Clean and Sober Housing	\$245,000.00
2	Rebuilding Together Thurston County (RTTC)	Critical Home Rehabilitation Program	\$75,000.00
3	South Puget Sound Habitat for Humanity	Critical Home Repairs	\$45,000.00
4	South Puget Sound Habitat for Humanity	Tálcín Townhomes Buy Down	\$434,057.35
		Capital Subtotal	\$799,057.35
		2024 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM TOTAL	\$983,455.20

Table 2. Tumwater Community Development Block Grant Awards 2021

<i>Public Services</i>	<i>Awardee</i>	<i>Activity</i>	<i>Amount</i>
1	Boys and Girls Clubs of Thurston County	Tumwater Boys & Girls Club Scholarships for LMI Youth	\$56,640.00
2	Catholic Community Services	The Community Kitchen	\$11,520.00
3	Senior Services for South Sound	Home Share Program	\$16,047.65
4	TOGETHER!	Tumwater Community Schools	\$100,000.00
		Services Subtotal	\$184,207.65
<i>Capital Projects</i>	<i>Awardee</i>	<i>Activity</i>	<i>Amount</i>
1	Homes First	Affordable Rental Homes for Tumwater	\$200,000.00
2	Housing Authority of Thurston County	Sequoia Landing – Phase II	\$267,414.44 ¹
3	Rebuilding Together Thurston County (RTTC)	Critical Home Repairs	\$30,000.00
4	South Puget Sound Habitat for Humanity	Critical Home Repairs	\$100,000.00
5	South Puget Sound Habitat for Humanity	Tumwater Townhomes Buy Down	\$300,000.00
		Capital Subtotal	\$897,414.44
		2021 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM TOTAL	\$1,081,622.09

¹ The Council voted to award this amount upon the condition that the applicant was able to 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.

Table 3. Tumwater Community Development Block Grant Awards 2018

<i>Public Services</i>	<i>Awardee</i>	<i>Activity</i>	<i>Amount</i>
1	Boys and Girls Clubs of Thurston County	Scholarship Assistance	\$25,822.00
2	Catholic Community Services	The Community Kitchen	\$25,694.00
3	Family Education and Support Services	Resilience Center Acquisition	\$120,000.00
		Services Subtotal	\$171,516.00
<i>Capital Projects</i>	<i>Awardee</i>	<i>Activity</i>	<i>Amount</i>
1	Homes First	Affordable Rental Homes for Tumwater	\$437,480.00
2	Interfaith Works	Regional Support for Community Care	\$32,236.00
3	TOGETHER!	Tumwater Community Schools	\$92,699.00
4	Union Gospel Mission	Genesis Acres Sewer	\$237,244.00
		Capital Subtotal	\$799,659.00
		2018 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM TOTAL	\$971,175.00

Table 4. Tumwater Community Development Block Grant Awards 2015

<i>Public Services</i>	<i>Awardee</i>	<i>Activity</i>	<i>Amount</i>
1	Boys and Girls Clubs of Thurston County	Scholarship Assistance	\$22,684.00
2	Enterprise for Equity	Business and Financial Support Services	\$40,100.00
3	Catholic Community Services SW	Community Kitchen	\$17,000.00
4	Catholic Community Services SW	Drexel House	\$22,000.00
Services Subtotal			\$101,784.00
<i>Capital Projects</i>	<i>Awardee</i>	<i>Activity</i>	<i>Amount</i>
1	City of Tumwater	Pioneer Street Sewer	\$30,000.00
2	Community Action Council	Deschutes Cove Sewer	\$504,838.00
3	Homes First	Community Housing Development – Tumwater	\$116,936.52
4	Rebuilding Together Thurston County (RTTC)	Safe and Healthy Homes Program	\$33,351.21
5	Safe Place	Community Service Center Improvements	\$40,000.00
Capital Subtotal			\$725,123.73
2015 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM TOTAL			\$826,909.73

2026 RFP Review Process

After the City Council determined the parameters for awarding the funds in this cycle in January 2026, Thurston County Public Health and Social Services administered the RFP. Because an RFP is 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 interviewed applicants at their April 24, 2026, meeting and agreed on a recommendation for review by the full City Council for consideration at their May 5, 2026, 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 to allow Thurston County Public Health and Social Services staff to perform a risk assessment of projects and a few other activities in preparation for setting up 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 and the City Council May 5, 2026 meeting packet. Summaries of the 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.

County and City staff 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 Recommendations

At the April 24, 2026, Budget and Finance Committee Meeting, staff explained the selection and interview process to members. Six applicants for public service projects and four applicants for capital projects presented proposals and answered questions from the Committee. Each applicant was allotted ten minutes.

The Budget and Finance Committee then discussed priorities and evaluation criteria. Evaluation criteria by the Budget and Finance Committee included:

- 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.

Additionally, the Committee shared a priority for projects that would keep community members housed. Because more money was requested for both the Housing Capital Projects and the Public Services Projects than was available from HUD, the Budget and Finance Committee

needed to decide how to allocate the potential total funds from HUD to each of the selected projects.

Organization	Capital Program/Project	Request	Recommendation
Foundation for the Challenged	FFC Homes XV	\$100,000	\$0
Homes First	Home for Survivors of Domestic Abuse	\$198,476	\$218,476
Rebuilding Together Thurston County	Critical Home Repair	\$100,000	\$136,872
SPS Habitat for Humanity	Critical Home Repair	\$200,000	\$236,872
TOTAL CAPITAL PROJECTS		\$598,476	\$592,220

Organization	Public Service Program/Project	Request	Recommendation
Boys and Girls Clubs of Thurston County	Tumwater Scholarships for Youth Experiencing Homelessness	\$52,500	\$52,500
Community Action Council of Lewis, Mason, and Thurston Counties	Tumwater Housing Stability & Homelessness Prevention	\$30,000	\$0
OlyMAP	Shelter-in-Place Outreach Program	\$55,282	\$0
Senior Services for South Sound	Home Share	\$25,000	\$20,000
Thurston County Food Bank	FORKids Backpack	\$40,000	\$30,000
TOGETHER!	Tumwater Community Schools Program	\$100,000	\$34,166
TOTAL SERVICE PROJECTS		\$302,782	\$136,666

Next Steps

The Tumwater City Council will consider the Budget and Finance Committee recommendation and select funded projects at the May 5, 2026, 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 contract execution. No CDBG funds will be reimbursed prior to the execution of a Subrecipient Agreement with the County.

2026 Funding Process Timeline

January 27	City Council discusses priorities and contingencies at Work Session
February 6	Thurston County issues RFP
February 10	Optional virtual bidder's conference
February 16-20	Optional pre-application workshops
March 20	RFP closes at Noon
April	Thurston County Public Health and Social Services staff review applications for eligibility and risk
April 9	City of Tumwater to receive applications
April 24	Tumwater Budget and Finance Committee hosts presentations from applicants
May 5	City Council approves award recommendations
April - June	Thurston County posts Annual Action Plan for public review and public comment period
July 15	Thurston County submits 2026 Annual Action Plan to HUD
August	Thurston County sends conditional award letters to agencies, notifies agencies not selected for funding
September – October	Thurston County executes contracts 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 CDBG Funding
1	Foundation for the Challenged (FFC)	FFC Homes XV	Acquire and remodel one three-bedroom home in Tumwater to be wheelchair accessible. FFC will rent the home to three extremely low-income individuals with Intellectual and Developmental Disabilities (IDD). Rent will be set at 30% of a tenant's income minus a utility allowance. FFC will make a 40-year commitment to maintain the affordability specifically for extremely low-income individuals with IDD who receive 24/7 in-home support services.	\$100,000	Acquisition and Rehab Rental Housing Rehab	100% of beneficiaries will be Tumwater residents	Medium. Audit and monitoring completed in past 24 months with no findings. Timeliness: Project is contingent on FFC acquiring house before rehab would be completed/funds spent down. Project may trigger cross-cutting requirements that would complicate procurement process.	No previous CDBG funding
2	Homes First	Homes First Home for Survivors of Domestic Abuse	Acquire and rehabilitate a three-bedroom home to provide safe, affordable housing in perpetuity for a single family of survivors of domestic abuse. Homes First received funding in 2025 from Thurston County and the Housing Trust Fund to support development of two homes. However, with changes in the housing market and prices, these funds are not sufficient to purchase and rehabilitate two three-bedroom homes to offer affordable housing for victims of domestic abuse.	\$198,476	Acquisition Only Acquisition and Rehab Rental Housing Rehab	100% of beneficiaries will be Tumwater residents	Medium. Audit and monitoring completed in past 24 months with no findings. Timeliness: Possible delay in acquisition of home could delay timely drawdown in funds.	2015: \$116,936.52 for community housing 2018: \$437,480 for affordable rental homes in Tumwater 2021: \$200,000 for affordable rental homes in Tumwater 2024: \$245,000 for low-income clean and sober housing
3	Rebuilding Together Thurston County (RTTC)	Critical Home Repair	Perform critical home repairs for eligible low-income homeowners and their families in Tumwater, who earn less than or equal to 80% Area Medium Income (AMI). These funds will help RTTC complete critical home repairs and ADA modifications and cover operating expenses on Rebuilding Day projects.	\$100,000	Housing	100% or more of beneficiaries will be Tumwater residents	Medium. Audit and monitoring completed in past 24 months with no findings. Timeliness: PY24 CDBG project has not been spent down/completed.	2021: \$30,000 for critical home repairs 2024: \$75,000 for critical home repairs

#	Organization	Program/Project	Program/Project Description	Funding Request	Type of Program/Project	Benefit to Residents of Tumwater	Risk Rating	Previously Received CDBG Funding
4	South Puget Sound Habitat for Humanity	Critical Home Repairs	Keep low- to moderate-income homeowners safely housed by providing affordable critical repairs, aging-in-place modifications, and energy efficiency upgrades — completed by staff, skilled volunteers, and partner hours — with flexible zero-interest payment plans to ensure homeowners can invest in and retain their long-term asset.	\$200,000	Housing	30% or more of beneficiaries will be Tumwater residents 15 of 45 projects are located in Tumwater	Low. Audit and monitoring completed in past 24 months with no findings.	2021: \$100,000 for critical home repairs 2024: \$45,000 for critical home repairs 2024: \$560,000 for critical home repairs Tâlicn Townhomes Buy Down
Total Housing Projects Funding Requests				\$598,476				
Potential Total Available from HUD				\$728,886				
<i>This amount represents 100% of available CDBG funding.</i>								

Appendix B – Public Service Applications

#	Organization	Program/Project	Program/Project Description	Funding Request	Benefit to Residents of Tumwater	Risk Rating	Previously Received CDBG Funding
5	Boys and Girls Club of Thurston County	Tumwater Scholarships for Youth Experiencing Homelessness	Provide full Boys and Girls Club scholarships for 25 youth experiencing homelessness who attend schools within the Tumwater School District during the 2026-27 school year.	\$52,500	100% of beneficiaries will be Tumwater residents	Low. Audit and monitoring completed in past 24 months with no findings.	2015: \$22,684 for scholarship assistance 2018: \$25,822 for scholarship assistance 2021: \$56,640 for scholarship assistance 2024: \$40,000 for scholarships for LMI youth
6	Community Action Council of Lewis, Mason, and Thurston Counties	Tumwater Housing Stability and Homelessness Prevention	Expand the Housing Program Team's intensive case management, outreach, and eviction-prevention services for Tumwater residents , providing targeted financial assistance and housing stabilization support to help households resolve rent arrears, avoid eviction, and remain safely housed in alignment with Tumwater's Housing Action Plan and Thurston County's mission to reduce homelessness.	\$30,000	100% of beneficiaries will be Tumwater residents	Low. Audit and monitoring completed in past 24 months with no findings.	2015: \$504,838 for Deschutes Cove Sewer
7	OlyMAP	Shelter-in-Place Outreach Program (SiPOP)	Provide outreach-based resource connection, service navigation and case management support for people experiencing unsheltered homelessness within the City of Tumwater. Specifically, OlyMAP's existing outreach team will outreach regularly (2-3 times per week) to locations where people are living unsheltered in Tumwater to map and track unsheltered locations throughout Tumwater, connect individuals to a comprehensive range of services including housing, medical, behavioral health, legal, and workforce support, and provide direct assistance such as transportation, ID procurement, housing application fees, short-term hotel stays, essential supplies, weather-related services, and waste removal, while collecting data to measure and improve outcomes.	\$55,282	100% of beneficiaries will be Tumwater residents	High. No audit or programmatic monitoring in the past 24 months.	No previous CDBG funding. Subrecipient does not have experience managing federal grant funds.
8	Senior Services for South Sound	Home Share	Provide critical services to seniors in Thurston County, helping them secure stable, affordable housing while combating social isolation. The Home Share Program will provide comprehensive services including program management and compliance, marketing and outreach across Thurston County, client intake and matching of Providers and Seekers at an average of one match per month, ongoing support and conflict mediation, and a sustained focus on creating long-term, compatible living arrangements for seniors.	\$30,000	Services provided throughout Thurston County	Low. Audit and monitoring completed in past 24 months with no findings.	2021: \$16,047.65 for Home Share Services
9	Thurston County Food Bank	FORKids Backpack Program	Expand food access for nearly 1,000 Tumwater elementary students by transitioning to a three-bag rotation system with greater variety and culturally relevant foods, while conducting targeted outreach and education to reduce stigma and ensure all eligible families are aware of and comfortable accessing support.	\$40,000	100% of beneficiaries will be Tumwater School District Student Families, which include Tumwater and Thurston County residents	Medium. Audit and monitoring completed in past 24 months with all audit findings resolved. Eligibility: Remaining questions regarding program's processes for verifying / documenting income eligibility of program beneficiaries.	2024: \$30,000 for Home Delivery and Other Bank

#	Organization	Program/Project	Program/Project Description	Funding Request	Benefit to Residents of Tumwater	Risk Rating	Previously Received CDBG Funding
1 0	Together	Tumwater Community Schools	Deploy 4 Community Schools Managers across 7 schools to provide 1:1 case management for at-risk students , connecting them to basic needs support, mental and physical health services, homelessness prevention and re-housing assistance, year-round Community Resource Centers, and collaborative school-based interventions to close the opportunity gap for students experiencing poverty, homelessness, or other significant barriers.	\$100,000	100% of beneficiaries will be Tumwater School District Student Families, which include Tumwater and Thurston County residents	Low. Audit and monitoring completed in past 24 months with no findings.	2018: \$92,6993 for Tumwater Community Schools 2021: \$100,000 for Tumwater Community Schools 2024: \$64,397.85 for Tumwater Community Schools
Total Services Projects Funding Requests				\$302,782			
Potential Total Available from HUD				\$136,666			
This amount represents the mandated 15% limit for service project awards.							