

TO: City Council
FROM: Kelly Adams, Assistant City Administrator
DATE: January 27, 2026
SUBJECT: 2026 Community Development Block Grant Program

1) Recommended Action:

Discuss and provide guidance to staff on the City's priorities of the 2026 federal Community Development Block Grant (CDBG) funding process. Schedule late April meeting of the Budget and Finance Committee to hear presentations by applicants and City Council consideration of the Budget and Finance Committee recommendation for early May.

2) Background:

In 2015, Thurston County became an Entitlement County in regard to federal CDBG funds. Pursuant to an interlocal agreement, Tumwater shares the annual CDBG funding on a two year rotation with south Thurston County. The Cities of Lacey and Olympia have their own entitlements and are not part of the two-year rotation. Tumwater received funds in 2015, 2018, 2021, and 2024. Tumwater is set to receive a new round of funding in 2026. The City contracts with the Thurston County Public Health and Social Services staff to provide administration of the funds.

On a two-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, 2021, and 2024 the City prioritized affordable housing and public service activities and did not consider applications for public facilities or economic development.

3) Policy Support:

Strategic Priorities & Goals 2026-2032:

Vibrant, Livable, and Inclusive Community: Build a community recognized for quality, compassion, and humanity.

- Increase affordable housing in Tumwater, including permanent and supportive housing.
- Develop partnerships and strategies to improve municipal services to people in need.

Housing Element Goal H-1: Increase the supply and variety of housing for every income and age group.

4) Alternatives:

- None.
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5) Fiscal Notes:

The exact amount of CDBG available for allocation by the City in 2026 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.

6) Attachments:

A. Memorandum