

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Public Hearing and Adoption on the Proposed Use of 2016 Community Development Block Grant Funds		
<b>DEPARTMENT:</b>	Community Services Division		
<b>PRESENTED BY:</b>	Rob Beem, Community Services Division Manager		
<b>ACTION:</b>	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input checked="" type="checkbox"/> Motion
	<input type="checkbox"/> Discussion	<input checked="" type="checkbox"/> Public Hearing	

**PROBLEM/ISSUE STATEMENT:**

The City of Shoreline contracts with 15 human service agencies to deliver services to Shoreline residents. To fund these services the City allocates both General Fund and Community Development Block Grant (CDBG) funds. The City's biennial Human Services Allocation Plan specifies how this will be done. While the City adopts a two-year spending plan for human services funding, it must make or review decisions about the use of CDBG funds annually.

For 2016 the City Manager recommends use of CDBG funds to support continued operation of the Interlocal Agreement with King County for administration of our grants and continued support to the Minor Home Repair Program, Ronald Commons Housing/Services Center and the Shoreline-Lake Forest Park Senior Center.

**FINANCIAL IMPACT:**

Staff recommends that Council hold a public hearing and adopt the 2016 Community Development Block Grant Funding and Contingency Plan and authorize the City Manager to execute agreements for implementing the funded projects.

**RECOMMENDATION**

Staff recommends that Council hold a public hearing and adopt the 2016 CDBG Funding and Contingency Plan and authorize the City Manager to execute agreements for implementing the funded projects.

Approved By:            City Manager **DT** City Attorney **MK**

## **INTRODUCTION**

The City financially supports Human Services delivery by non-profit agencies using General Fund and CDBG funds. Each year, the Council must hold a public hearing on the proposed use of CDBG funds and take action to adopt the allocation. CDBG funding is proposed to be used for housing repair, public services and capital projects as well as for planning and administration. This is outlined in the 2016 Community Development Block Grant Funding and Contingency Plan (Attachment A).

## **BACKGROUND**

### **Biannual Human Services Funding Plan**

Biennially the City develops a Human Services Funding Plan to specify how it will allocate funds to address residents' human service needs. The current plan, adopted in 2014, funds 26 separate programs serving an estimated 4,700 Shoreline residents annually. See Attachment B for a list of agencies and the amounts of funding allocated to each agency in 2015.

All activities are targeted to address the needs of low and moderate income households and individuals. The plan is funded with a combination of federal, state, and local revenues. Local general funds account for \$349,680 of the funding plan and federal CDBG revenues account for \$116,346. State shared revenues equal \$33,774 (which includes an estimated \$19,560 in domestic violence criminal justice funds and \$14,214 in the 2% Distribution of Liquor Board Profits).

While the City develops a two-year plan for human service allocations, a separate action is required to adopt the CDBG allocation plan each year. Federal regulations require that the City Council hold an annual public hearing before adopting the annual CDBG allocation plan.

### **CDBG Program**

The Federal CDBG Program is one of the most enduring programs providing federal support to local jurisdictions. It was created under Title I of the Housing and Community Development Act of 1974. The primary objective of the CDBG program is the development of viable urban communities, by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. CDBG funds can serve households with incomes up to 80% of the King County median income (\$52,650 for a two person household). CDBG funds can be used for the following activities: acquisition and rehabilitation of housing for low-income and special needs populations; housing repair for homeowners and renters; acquisition and rehabilitation of community facilities; public infrastructure improvements; delivery of human services; historic preservation; planning; CDBG program administration; and economic development.

The City has an Inter-local Agreement with King County for the administration and management of the City's CDBG grant. This agreement calls for the City's annual CDBG Plan to allocate 53% of the available revenues to local projects. These typically include human services and capital projects. The balance of the CDBG funds is allocated to the delivery of regional programs which serve Shoreline residents, and to

program planning and administration of the grant funding. Regional programs include a homeless prevention program (5%) and the King County Major Home Repair program (20%). Planning and administrative costs are agreed to be 10% for the City and 12% for the County.

## **DISCUSSION**

The total amount of new CDBG funding that is available to support services to Shoreline residents in 2016 is projected to be \$259,298. In addition, the City will receive \$24,157 in CDBG program income for 2016. The CDBG Interlocal Agreement between King County and the City of Shoreline specifies the percentages of funding for regional projects. The City uses the maximum allowable (10%) to support direct services, or \$28,346, and the balance of 43%, or \$121,884, for capital projects. The following chart specifies how the full amount of CDBG revenue is allocated.

<b>2016 Estimated CDBG Funding Totals by Source</b>	<b>2016</b>
Share of 2016 Entitlement Grant Allocation	259,298
Program Income**	24,157
<b>Total CDBG Revenue</b>	<b>\$283,455</b>
<b>Local Delivery of Regional Programs</b>	
King County Housing Stability Project (5%)*	14,173
King County Major Home Repair (20%)*	56,691
<b>Public Services</b>	
Shoreline/LFP Senior Center (10%)	28,346
<b>Capital Projects</b>	
Shoreline Capital Projects (\$88,000 – Minor Home Repair and \$33,884 – Ronald Commons)	121,884
King County Capital Project Administration (2%)*	5,669
<b>Program Administration and Planning</b>	
King County (10%)*	28,346
City of Shoreline (10%)*	28,346
<b>Total CDBG Expenditures</b>	<b>\$283,455</b>

*\*Percentage set in the Interlocal Agreement*

*\*\*Fluctuates depending on loan repayments each year*

### **2016 CDBG Capital Allocation Process**

CDBG regulations allow cities to develop a funding plan in a variety of ways. During the development of the two year funding plan, the City solicits applications from agencies providing services to Shoreline. In the past applications have been reviewed by staff alone and by staff and a citizens committee. In years when the City considers capital applications only and there is much more limited funding; the process has been more streamlined. In 2016 it is projected that the City will have \$121,844 to allocate for capital projects.

In preparing for this year's allocation process staff identified just two projects that were likely to be able to submit viable and fundable applications for CDBG capital dollars:

Minor Home Repair and the Ronald Commons project. Seeing this and given our limited total dollars to allocate, staff streamlined the process further by only requesting applications from these two projects rather than conducting a wide open Request for Proposals (RFP) process, as would be normally required by the City's Purchasing Policies when a contracted service is estimated to be over \$50,000. The City Manager granted a waiver of the City's RFP per the requirements of SMC 2.60.070. However, Council must still approve the agreement (as is necessary for service agreements \$50,000 and greater), regardless of how the service is selected.

### **Projects Recommended for Capital Funding**

#### **Minor Home Repair: \$88,000**

This program fills the gap between the major home repair program - targeted to larger planned projects - and emergency repairs and small electrical, carpentry and plumbing repairs needed by home owners on a frequent basis to keep their homes safe and in good repair. In 2014, the program completed 131 repairs at 49 different residences.

The Minor Home Repair program is targeted to income eligible residents and most are older adults and are in households with "very-low" incomes. Home owners pay \$10.00 per hour for the service, plus the cost of materials. The grant pays for personnel costs relating to the program. Given the age of Shoreline's housing stock, the high number of older adults aging in place, and the number of low and moderate income home owners, this program is in high demand. The program is contracted to Senior Services of Seattle/King County and there is no other non-City funding source for this program.

The City has a long and positive history of support for the Minor Home Repair program. The most recent ad-hoc committee which reviewed funding applications in 2013 strongly recommending that the City's support continue and if revenues permitted that support be expanded.

#### **Ronald Commons Project: \$33,884**

Ronald Commons is a mixed-use, new construction development that will incorporate 60 units of affordable housing owned and operated by Compass Housing Alliance and a 12,000 square foot Integrated Service Center owned and operated by Hopelink. The land for the project was purchased from Ronald United Methodist Church, who was instrumental in initiating the project and will have an ongoing role in the new Ronald Commons community. The housing will serve individuals and families, many of whom will be coming from homelessness, as well as 12 units specifically for homeless Veteran families and individuals. Thirty of the units will be affordable to households at or below 30% of area median income and 30 units will be affordable to households at or below 50% of area median income.

This project has received financial and policy support from the City of Shoreline. The City allocated \$73,014 in CDBG funding from the 2015 grant. The City's 2015 Legislative Priorities included a statement of support for the project and the City worked actively to assist in securing allocations of funding from both King County and Washington State. This CDBG capital allocation will be credited to the Hopelink portion of the project.

### **Local Delivery of Regional Programs**

Shoreline's Interlocal Agreement with King County allocates City CDBG funds to two regional programs that serve Shoreline residents. The amount of funding to each program is set by formula in the Agreement. The total funding for these regional programs is \$70,864.

#### **The Housing Stability Project: \$14,173**

A key strategy towards preventing homelessness involves keeping families in their current housing. The Housing Stability Program makes one-time loans and/or grants to homeowners and tenants in danger of eviction or foreclosure because of short-term financial difficulties. It also provides loans or grants to homeless families and individuals who need assistance moving to permanent housing, and limited assistance for other types of moves. Support for this program is set at 5% of all Consortium Cities' CDBG funding.

#### **Major Home Repair: \$56,691**

The King County Housing Repair Program administers the Major Home Repair program on Shoreline's behalf. The allocation to this program for each city is set in the Interlocal Agreement at 25% the City's total CDBG amount. Shoreline has made this service available to its residents since it first chose to participate in the CDBG Consortium. This program provides emergency grants and interest free loans to income eligible homeowners. Loans are recouped as revenue to the program when a home sells; hence the amount available to disperse varies from year to year. In 2014, the program funded four (4) projects. In the first quarter of 2015 seven (7) new applications were filed.

### **Public Services**

The overall 2015- 2016 Human Services Funding Plan provides funding to 26 separate programs. In order to achieve greater administrative efficiency, the CDBG Public Services funds are allocated to one program. As in the past, the 2016 CDBG Plan fully allocates the maximum amount of funding for public services allowed (\$28,346) to the Shoreline/Lake Forest Park Senior Center. The balance of the Senior Center's \$95,708 in City funding is from the City's General Fund.

## **ALTERNATIVES ANALYZED**

After holding a public hearing on the use of CDBG funds, the City Council has two alternatives to consider:

1. Council could approve the proposed use of CDBG funds in 2016 as recommended and authorize the City Manager to take the actions necessary to implement these spending objectives. (Recommended)
2. Council could make changes to the recommended spending plan in response to public testimony or to reflect a change in Council policy objectives.

## **FINANCIAL IMPACT**

The Plan anticipates that the City of Shoreline will have \$283,455 in CDBG funds, including \$24,157 of CDBG Program income. The proposed funding plan would allocate all of these CDBG funds.

### **RECOMMENDATION**

Staff recommends that Council hold a public hearing and adopt the 2016 Community Development Block Grant Funding and Contingency Plan and authorize the City Manager to execute agreements for implementing the funded projects.

### **ATTACHMENTS**

Attachment A: 2016 CDBG Funding and Contingency Plan

Attachment B: 2015-2016 Human Services Allocation Plan

## ATTACHMENT A

### **2016 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING AND CONTINGENCY PLAN**

Since the Community Development Block Grant (CDBG) funds for 2016 are an estimate from the federal government, Shoreline must adopt both a funding and a contingency plan to deal with possible variations in the amount available. Plans must be made in case the amount available increases or decreases by up to 10% of the amount currently estimated. In addition, if an applicant later declines funds, the adoption of a contingency plan of action will expedite the process of reallocation.

<b>2016 Recommended CDBG Allocations</b>	
2015 Estimated Entitlement Amount	\$259,298
Program Income	\$24,157
<b>Total CDBG Estimated Revenue</b>	<b>\$283,455</b>
King County Housing Stability Project (5%)*	14,173
King County Major Home Repair Funding (20%)*	\$56,691
<b>Local Delivery of Regional Programs Funding</b>	<b>\$70,864</b>
Shoreline/Lake Forest Park Senior Center (10%)	28,346
<b>Public Service Funding</b>	<b>\$28,346</b>
Senior Services of King County - Minor Home Repair	88,000
Compass Housing Alliance: Ronald Commons	33,884
King County Capital Project Administration (2%)*	5,669
<b>Capital Project Funding</b>	<b>\$127,553</b>
King County (10%)*	28,346
City of Shoreline (10%)*	28,346
<b>Program Administration and Planning Funding</b>	<b>\$56,692</b>
<b>Total CDBG Expenditures</b>	<b>\$283,455</b>

\*Percentage set in the Interlocal Agreement

1. If additional funding becomes available:
  - a. **Public Services**  
In the event CDBG Public Service funds are increased in 2016, any additional funds would be provided to the Shoreline/Lake Forest Park Senior Center.
  - b. **Capital Projects**  
If additional CDBG Capital Project funds become available to the City in 2016, these funds will be provided to the Ronald Commons Project.
  - c. **Planning & Administration**  
If additional CDBG Planning & Administration funds become available to the City in 2016 the City will use these funds for planning and administration purposes.

2. If funding reductions are necessary:

a. **Public Services**

In the event CDBG Public Service Funds are reduced in 2016, the funding will be reduced from the Shoreline/Lake Forest Park Senior Center.

b. **Capital Projects**

In the event the City's 2016 CDBG Capital Funds are reduced, Minor Home Repair and Ronald Commons will share equally in the reductions.

c. **Planning & Administration**

If a reduction is necessary in CDBG Planning & Administration funds in 2016, it is recommended that the City reduce the amount to be used for planning and administration purposes.



## ATTACHMENT B

### 2015-2016 CITY OF SHORELINE HUMAN SERVICES FUNDING RECOMMENDATIONS

<b>Competitive Applications</b>	<b>2015 Awarded</b>	<b>2016 Recommended</b>
Catholic Community Services/ Volunteer Chore	3,728	3,728
Child Care Resources /Resource and Referral	4,958	4,958
Children's Response Center (Harborview)*	5,082	0
Center for Human Services - Counseling/Substance Abuse Programs	58,722	58,722
Center for Human Services - Shoreline and Ballinger Homes Family Support	63,042	63,042
Health Point – Medical	4,958	4,958
Crisis Clinic/ 24 –Hour Crisis Line	3,830	3,830
Crisis Clinic/2-1-1 Community Info Line	3,470	3,470
Crisis Clinic/Teen Link	4,958	4,958
Food Lifeline	5,000	5,000
FOY Healthy Start	9,876	9,876
Compass Housing Alliance/Homestep	4,598	4,598
Hopelink Adult Education	3,000	3,000
Hopelink Emer. Shelter and Trans. Housing	7,208	7,208
Hopelink Family Development Program	7,500	7,500
Hopelink Food Program	16,867	16,867
Hopelink Emergency Services	11,889	11,889
Hopelink Employment	9,762	9,762
KCSARC/Comp. Sexual Assault Service	5,206	10,288
Senior Services – Community Dining	2,975	2,975
Senior Services – Meals On Wheels	4,958	4,958
Senior Services – Shoreline/LFP Senior Center	95,708	95,708
Senior Services – Volunteer Transportation	3,728	3,728
Wonderland Development Center	4,958	4,958
<b>Total</b>	<b>\$345,981</b>	<b>\$345,981</b>

\* Children's Response Center funding included in KCSARC