

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing and Adoption of the 2018 Community Development Block Grant Funding and Contingency Plan
DEPARTMENT:	Community Services Division
PRESENTED BY:	Rob Beem, Community Services Division Manager
ACTION:	<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:

Biannually the City adopts a Human Services Funding Plan. The 2017-2018 Human Services Funding Plan allocates both General Fund and Community Development Block Grant (CDBG) funds to 10 human service agencies to deliver services through 19 separate programs to Shoreline residents. 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 2018, the City Manager recommends use of CDBG funds to support continued operation of the Interlocal Agreement with King County for administration of our grants, continued support to the Minor Home Repair Program and Hopelink's Emergency Food Program, and to support future development of affordable housing.

Tonight, Council will hold a public hearing on the proposed 2018 CDBG Funding and Contingency Plan and is scheduled to adopt the plan following Council discussion.

FINANCIAL IMPACT:

The 2018 CDBG Funding and Contingency Plan anticipates that the City of Shoreline will be eligible to receive \$280,296 in CDBG funds in 2018. The proposed funding plan would allocate all of these CDBG funds. Projections for the 2018 General Fund indicate that there will be an increase of almost \$21,000 in the overall funding for the second year of the Human Services Funding Plan for a total of \$337,772.

RECOMMENDATION

Staff recommends that the City Council hold a public hearing and adopt the 2018 Community Development Block Grant Funding and Contingency Plan and authorize the City Manager to execute agreements for implementing the funded projects.

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

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 an allocation plan. 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 2018 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 2016, funds 19 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 2017 and projected for 2018.

In 2016, the City Council adopted a policy that sets a goal for support of Human Services to be equal to 1.00% of net General Fund revenues by 2022. To reach this goal, each year, the percentage will be increased by .05% of net General Fund revenues until the 1.00% level is reached. In 2017, the percentage was set at 0.75% and in 2018, it will be 0.80% of net General Fund revenues. In dollar terms, the 2017 Budget allocated \$303,000 and projections estimated an allocation of \$317,000 in 2018.

Updated projections for General Fund revenues in 2018 indicate that nearly \$21,000 in additional funds will be available to allocate for these services for a total of \$337,772. The allocation of \$337,772 will be included in the 2018 Proposed Budget scheduled to be delivered to Council on October 9, 2017. Specific recommendations for the allocation of these additional funds will be discussed during department budget presentations scheduled on October 16, 2017 with a motion amending the 2017-2018 Human Services Funding Plan scheduled on November 20, 2017.

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 (\$57,600 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 48% 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 (25%). 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 the City of Shoreline in 2018 is projected to be \$280,296. 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 to support direct services, or \$30,030, and the balance of 43%, or \$103,511, for capital projects. The City's 2018 CDBG Funding and Contingency Plan (Attachment A) specifies how the full amount of CDBG revenue is allocated.

2018 Public Service Funds Recommendation

Hopelink – Emergency Food: \$30,030

The overall 2017- 2018 Human Services Funding Plan provides funding to 19 separate programs (Attachment B). In order to achieve greater administrative efficiency, the CDBG Public Services funds are allocated to one program. The 2018 CDBG Funding Plan fully allocates the maximum amount of funding for public services allowed (\$30,030) to the Emergency Food program operated by Hopelink.

2018 Capital Funding Recommendation

Sound Generations - Minor Home Repair: \$69,181

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 2016, the program completed 168 repairs at 42 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 Sound Generations and there is no other non-City funding source for this program.

In 2017, the City allocated CDBG funds to support this program for 16 months. The 2018 CDBG funding will be added to the remaining 2017 CDBG funds, bringing the total funds available for the Minor Home Repair program in 2018 to \$93,354.

Future Affordable Housing Development - \$34,330

After funding the full operation of the Minor Home Repair program, the balance of \$34,330 is recommended to be programmed for future use to support the development of affordable housing. This is a relatively small amount of funding and carries with it some potentially expensive requirements. At this time there are no projects far enough along in the development process to make a decision on the appropriate way to use CDBG funding. While there are some projects under some consideration, their development timeline and needs are as yet uncertain and it would be premature to make a commitment of federal funds for such a project. Staff anticipates that there will be future allocations of CDBG funding in the coming years of similar size. As the development opportunities are better understood, staff would look to combine multiple years of CDBG funding to provide a more impactful level of support to a specific project. This was the process used to support the Ronald Commons affordable housing project, and would be replicated here.

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 Interlocal Agreement. The total funding for these regional programs is \$85,089.

The Housing Stability Project: \$15,015

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: \$70,074

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 2016, the program funded three (3) projects. In the half of 2017 four (4) new applications were filed.

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 2018 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 2018 CDBG Funding and Contingency Plan anticipates that the City of Shoreline will be eligible to receive \$280,296 in CDBG funds in 2018. The proposed funding plan would allocate all of these CDBG funds. Projections for the 2018 General Fund indicate that there will be an increase of almost \$21,000 in the overall funding for the second year of the Human Services Funding Plan for a total of \$337,772.

RECOMMENDATION

Staff recommends that Council hold a public hearing and adopt the 2018 Community Development Block Grant Funding and Contingency Plan and authorize the City Manager to execute agreements for implementing the funded projects.

ATTACHMENTS

Attachment A: 2018 CDBG Funding and Contingency Plan
Attachment B: 2017-2018 Human Services Allocation Plan

2018 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING AND CONTINGENCY PLAN

Since the Community Development Block Grant (CDBG) funds for 2018 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.

2018 Estimated CDBG Funding Totals by Source	Amount
Share of 2017 Entitlement Grant Allocation	\$280,296
Program Income*	\$0
<i>Total CDBG Revenue</i>	<i>\$280,296</i>
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2018 Estimated CDBG Allocation	Amount
<u>Local Allocation (48%)</u>	
Hopelink – Emergency Food	\$30,030
Total CDBG Public Service Funds (<i>Funding Shown on Human Services Funding Plan</i>)	\$30,030
CDBG Capital Projects	
Sound Generations – Minor Home Repair	\$69,181
Future Affordable Housing Development	\$34,330
Total CDBG Capital Project Funding	\$103,511
<u>Total Local CDBG Allocation</u>	<u>\$133,541</u>
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<u>Regional Allocation and Program Administration (52%)</u>	
King County Housing Stability Program (5%)	\$15,015
King County Major Home Repair Program (25%)**	\$70,074
Total CDBG Regional Program Funding	\$85,089
King County Administration and Planning (10%)**	\$28,030
King County Capital Set Aside (2%)	\$5,606
City of Shoreline Administration and Planning (10%)**	\$28,030
Total CDBG Administration and Planning Funding	\$61,666
<u>Total Regional CDBG Allocation and Program Administration</u>	<u>\$146,755</u>
<i>Total 2018 CDBG Allocation</i>	<i>\$280,296</i>

*Fluctuates depending on loan repayments each year

**Percentage set in the Inter-local Agreement

Contingency Plan

Shoreline must adopt a contingency plan if the amount of federal funds available increases or decreases by up to 10% of the estimate. In addition, if an applicant later declines funds, the adoption of a contingency plan will expedite the process of reallocation.

1. If additional funding becomes available:
 - a. **Public Services**
In the event CDBG Public Service funds become available in 2018, any additional revenue will be allocated to the Hopelink Emergency Food Program.
 - b. **Capital Projects**
If additional CDBG Capital funds become available in 2018, any additional revenue will be allocated to the Sound Generations Minor Home Repair Program.
 - c. **Planning & Administration**
If additional CDBG Planning and Administration funds become available in 2018, 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 2018, the revenue allocated to the Hopelink Emergency Food Program will be reduced.
 - b. **Capital Projects.**
In the event CDBG Capital funds are reduced in 2018, the Affordable Housing Development Program will be reduced accordingly.
 - c. **Planning & Administration**
In the event CDBG Planning and Administration funds are reduced in 2018, the City will reduce the amount of revenue allocated to planning and administration purposes.

2017-18 Human Service Agency Allocations

Agency/Program	2017/18 Requested	2017 Amended Allocation	2018 Proposed Allocation
Catholic Community Service - Volunteer Chore Services	\$5,000	\$3,750	\$3,750
Child Care Resources - Consumer Education & Quality Improvement	\$5,230	\$5,000	\$5,000
Center for Human Services - Clinical Programs	\$102,000	\$78,500	\$82,000
Center for Human Services - Family Support Centers	\$80,000	\$68,500	\$65,000
Crisis Clinic - Crisis Line	\$7,500	\$7,000	\$7,500
Crisis Clinic - King County 211	\$10,000	\$9,500	\$10,000
Harborview - Sexual Assault and Traumatic Stress Services	\$72,000	\$5,000	\$5,000
Hopelink - Adult Education	\$17,000	\$3,000	\$5,000
<i>Hopelink - Emergency Food (CDBG Funded)</i>	<i>\$48,500</i>	<i>\$26,000</i>	<i>\$30,000</i>
Hopelink - Emergency Services Financial Assistance*	\$50,000	\$21,000	\$23,000
Hopelink - Employment	\$19,000	\$10,000	\$10,000
Hopelink - Family Development Program	\$27,000	\$10,000	\$11,000
Hopelink - Housing	\$20,000	\$20,000	\$20,000
King County Sexual Assault Resource Center	\$7,793	\$8,000	\$8,000
Prince of Peace/Lake City Partners - Rotating Winter Shelter	\$43,000	\$10,000	\$15,000
Sound Generations - Meals on Wheels	\$5,603	\$5,000	\$5,000
Sound Generations - Volunteer Transportation	\$10,010	\$3,750	\$3,750
Sound Generations Community Dining	\$5,000	\$3,000	\$3,000
Wonderland Developmental Center	\$6,000	\$6,000	\$5,000
Total	\$540,636	\$303,000	\$317,000

*This program also gets \$25,000 from the Utility program bringing the total to \$48,000

Adopted 11/21/2016