

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

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| <b>AGENDA TITLE:</b> | Adopting the Community Development Block Grant Funding and Contingency Plan for 2020   |
| <b>DEPARTMENT:</b>   | Community Services Division  |
| <b>PRESENTED BY:</b> | Bethany Wolbrecht-Dunn, Grants Administrator   |
| <b>ACTION:</b>       | <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion<br><input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing |

**PROBLEM/ISSUE STATEMENT:**

Biannually the City adopts a Human Services Funding Plan. The 2019 – 2020 Human Services Funding Plan allocates both General Fund and Community Development Block Grant (CDBG) funds to 11 human service agencies to deliver services through 22 separate programs to Shoreline residents, as well as provide for capital projects that support projects for low and moderate income persons. While the City adopts a two-year spending plan for human services funding, it must take public comment and confirm decisions about the use of CDBG funds annually.

For 2020, 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 support of a housing preservation project at King County Housing Authority's Westminster Manor.

On September 9, 2019, the City Council held a public hearing and reviewed the recommendation for the use of 2020 CDBG funds. The Council was supportive of the recommendation and directed that this item be brought forward for adoption at tonight's Council meeting.

**FINANCIAL IMPACT:**

The 2020 CDBG Funding and Contingency Plan anticipates that the City of Shoreline will be eligible to receive \$322,565 in CDBG funds in 2020. The proposed funding plan would allocate all CDBG funds. The City's 2019-2020 Budget anticipates the allocation of CDBG funds, so no budget amendment is needed.

**RECOMMENDATION**

Staff recommends that Council move to adopt the Community Development Block Grant Funding and Contingency Plan for 2020 as listed in Attachment A and authorize the City Manager to execute contracts and/or amendments with King County to implement the funded projects.

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

## **BACKGROUND**

The City financially supports Human Services delivery by non-profit agencies using General Fund and CDBG funds. 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.

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 (\$70,600 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 Interlocal 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. 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.

On September 9, 2019, the City Council held the required public hearing and reviewed the Funding and Contingency Plan recommendation (Attachment A) for the use of 2020 CDBG funds. The staff report for this Council discussion can be found at the following link: [Public Hearing and Discussing the 2020 Community Development Block Grant Funding Plan](#).

## **DISCUSSION**

The total amount of new CDBG funding that is available to the City of Shoreline in 2020 is projected to be \$322,565. The CDBG Interlocal Agreement between King County and the City of Shoreline specifies the percentages of funding for regional projects. The City's 2020 CDBG Funding and Contingency Plan specifies how the full amount of CDBG revenue is allocated.

On September 9, 2019, following the required public hearing and review of the Funding and Contingency Plan recommendation for the use of 2020 CDBG funds, the Council was supportive of the recommendation and directed staff to bring this item forward for adoption at tonight's Council meeting.

### **FINANCIAL IMPACT**

The 2020 CDBG Funding and Contingency Plan anticipates that the City of Shoreline will be eligible to receive \$322,565 in CDBG funds in 2020. The proposed funding plan would allocate all CDBG funds. The City's 2019-2010 Budget anticipates the allocation of CDBG funds, so no budget amendment is needed.

### **RECOMMENDATION**

Staff recommends that Council move to adopt the Community Development Block Grant Funding and Contingency Plan for 2020 as listed in Attachment A and authorize the City Manager to execute contracts and/or amendments with King County to implement the funded projects.

### **ATTACHMENTS**

Attachment A: 2020 CDBG Funding and Contingency Plan

## 2020 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING AND CONTINGENCY PLAN

Since the Community Development Block Grant (CDBG) funds for 2020 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>2020 Estimated CDBG Funding Totals by Source</b>         | <b>Amount</b>    |
|---|------------------|
| Share of 2020 Entitlement Grant Allocation                  | \$322,565        |
| Program Income*   | \$0              |
| <b>Total CDBG Revenue</b>                                   | <b>\$322,565</b> |
| <b>2020 Estimated CDBG Allocation</b>                       | <b>Amount</b>    |
| <b>Local Allocation - 48%</b>                               |                  |
| Sound Generations – Minor Home Repair                       | \$91,200         |
| KCHA – Westminster Manor                                    | \$63,631         |
| <b>CDBG Capital Project Funding</b>                         | <b>\$154,831</b> |
| <b>Regional Allocation and Program Administration - 52%</b> |                  |
| King County Housing Stability Program (5%)                  | \$16,128         |
| King County Major Home Repair Program (25%)**               | \$80,641         |
| <b>CDBG Regional Program Funding</b>                        | <b>\$96,769</b>  |
| King County Administration and Planning (10%)**             | \$32,257         |
| King County Capital Set Aside (2%)                          | \$6,451          |
| City of Shoreline Administration and Planning (10%)**       | \$32,257         |
| <b>CDBG Administration and Planning Funding</b>             | <b>\$70,965</b>  |
| <b>Total CDBG Allocations</b>                               | <b>\$322,565</b> |
|   |                  |
|   |                  |
|   |                  |

\*Fluctuates depending on loan repayments each year

\*\*Percentage set in the Inter-local Agreement

## **CDBG 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. **Capital Projects**  
If additional CDBG Capital funds become available in 2020, any additional revenue will be allocated to the Sound Generations Minor Home Repair Program.
  - b. **Planning & Administration**  
If additional CDBG Planning and Administration funds become available in 2020, the City will use these funds for planning and administration purposes.
2. If funding reductions are necessary:
  - a. **Capital Projects.**  
In the event CDBG Capital funds are reduced in 2020, the Future Affordable Housing Development Support will be reduced accordingly.
  - b. **Planning & Administration**  
In the event CDBG Planning and Administration funds are reduced in 2020, the City will reduce the amount of revenue allocated to planning and administration purposes.