

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing and Adoption of Revisions to the Community Development Block Grant Action Plan and Adoption of Ordinance No. 467 appropriating \$150,000 to the Capital Improvement Plan Budget and \$90,000 to the General Fund
DEPARTMENT:	Community Services Division
PRESENTED BY:	Rob Beem, Manager, Community Services Division

PROBLEM/ISSUE STATEMENT:

The City administers its Community Development Block Grant funding in partnership with King County. In previous years the City was allowed to carry forward a balance in the Home Repair Fund. This balance now stands at \$315,216. The Department of Housing and Urban Development regulations and the terms of the new Interlocal Agreement signed in 2006 governing this partnership require the City to "reprogram" these funds for another other eligible purpose(s).

To effect this reprogramming the City Council must hold a public hearing to take citizen testimony on the proposed use of the funds and ultimately approve the change in use of the funds. To use the funds as recommended by staff the City Council will need to appropriate these Community Development Block Grant revenues for the intended purpose by adopting an Ordinance No. 467 amending the 2007 Budget.

OPTIONS:

Staff recommends that the funds be reprogrammed to add funding to two existing successful CDBG projects: \$150,000 for curb ramps and \$90,000 for minor home repair. The balance of the funding, \$75,216, is recommended to be used to support any capital funding that the Council may use to implement the recommendations of the Comprehensive Housing Strategy Citizen's Advisory Committee. This balance will be appropriated if necessary as specific projects are determined.

FINANCIAL IMPACT:

This action will increase the Human Services budget by a total of \$90,000 and the Capital Budget by \$150,000. There are sufficient revenues from the Community Development Block Grant to fully fund this recommendation.

RECOMMENDATION

Staff recommends that the City Council hold a public hearing on the proposed reprogramming of \$315,216 in Community Development Block Grant funds, adopt the staff recommendation for use of the CDBG funds and approve Ordinance No. 467.

Approved By: City Manager  City Attorney ____

INTRODUCTION

The City of Shoreline receives an annual allocation of federal Community Development Block Grant (CDBG) funds. These funds may be used for a finite set of activities which meet a set of national objectives. Shoreline uses these funds to meet the national objective of, "principally benefiting low and moderate income citizens." The CDBG support for human services agency operations is decided every other year as a part of the bi-annual Human Services Allocation process. The CDBG support for capital funding is decided on an annual basis. And from time to time, the CDBG funding plan is amended to address changes in funding levels or to accommodate programmatic shifts. The latter is called, "reprogramming." The City now has a balance of \$315,216 in its CDBG fund that was initially planned to support our Major Home Repair Program which must be reprogrammed to support different eligible capital projects.

BACKGROUND

New Funding Formula

In 2005, the City and King County entered a new Interlocal Agreement for the operation of the CDBG Program. This new agreement changed the way the Major Home Repair Program is funded. In prior years the City annually set a funding level for this program. Annual funding levels varied from \$70,000 to \$200,000. The new agreement sets the funding level by formula at 15% of the City's CDBG grant. In 2007, this formula funding is \$98,170. Now that the funding of home repair is done by formula, the City no longer makes this as an annual decision.

Home Repair Program remains a high priority

Major Home Repair has been supported each year with Community Development Block Grant funding since the City first participated in the CDBG Program. This program provides loans of up to \$25,000 to low and moderate income homeowners to make improvements that address significant health and safety and energy efficiency needs. Typical repairs include new roofs, replacing a furnace or installing energy efficient windows (See Attachment 2 for a program flyer). In 2006 this program completed work on five homes and accepted applications for an additional three. Proceeds from loan repayments made through this program are returned to the City's CDBG account for reallocation.

The CDBG is uniquely suited as a source of revenue for the Major Home Repair Loan Program. Thus, in years when options for use of CDBG capital funding were limited, the City has allowed a significant balance to accrue in this program. As of January 1, 2007, the balance in this program stood at \$315,216. This is well beyond the more typical expenditure rate for the program of \$90,000 to \$140,000 per year. And given the new formula allocation of funding to the program this balance is not being used in a timely manner.

In 2005, the City added service to its home repair efforts by implementing a Minor Home Repair Program. This program, operated by Senior Services, provides low and moderate income elderly and disabled homeowners with low cost small repairs. The types of repairs include replacing broken switches, installing locks and deadbolts, fixing leaky pipes or installing grab bars and hand rails (See Attachment 3 for a program

flyer). In 2006 this program served 33 separate households in Shoreline completing 134 individual repairs.

Potential uses for reprogrammed CDBG funds

The funds to be reprogrammed are considered "capital" dollars, and therefore, they are available only for other capital projects. They are not available to support agency operations. The CDBG Program rules also call for the City to: 1) spend the majority of these funds in the coming 12 months, and 2) to use the funding to support new or expanded levels of service. The City cannot use the CDBG funding to replace any existing funding.

The City currently supports two programs which have the ability to expend these revenues in a manner consistent with the HUD rules: Minor Home Repair and Curb Ramps. The Minor Home Repair Program is described above. The Curb Ramps Program installs curb ramps in existing sidewalks and replaces uneven and dangerous sidewalk panels. These two efforts combine to make the City's sidewalks safe and accessible to residents with mobility limitations or impairments.

The City has also used the CDBG to fund activities that support the development of housing affordable to low and moderate income households and to assist non-profit agencies with acquisition and rehabilitation of their facilities. Staff is not aware of any specific projects in either of these areas that are ready to fund and which could meet the requirements for timely expenditure.

However, the City is now in the midst of developing a Comprehensive Housing Strategy in response to Council Goal #5. While we can reasonably anticipate that there will be some elements of the strategy which will address housing affordability, it is premature to identify any specific programs or projects. Rather staff recommends that the City reprogram a portion of this funding to support the eventual implementation of capital projects included in the Comprehensive Housing Strategy.

ALTERNATIVES ANALYSIS

Alternatives considered were:

1. Retaining a balance in the home repair fund: This was deemed unnecessary and infeasible. Given the current rate of home repair activity, the present funding level will keep up with demand. The requirement of timely expenditure makes retaining the unexpended funds infeasible.
2. Conducting an application process for capital projects. This was judged to be infeasible. In order to meet the series of deadlines necessary to ensure timely expenditure of funds, any projects considered would have to have been ready to use funds in 2007. In order to be sure that such a project could meet CDBG regulations it would have to already have other CDBG or other federal funding identified as a part of its funding package. There were no such projects in the pipeline in Shoreline.

3. Reprogramming funds to support the following:
 - a. Expansion and continued operation of the Minor Home Repair Program through 2008 --\$90,000. This adds \$20,000 to the \$50,000 currently budgeted in 2007 and provides \$70,000 for program operation in 2008.
 - b. Expansion of the 2007 Curb Ramp Project -- \$150,000. This funding is in addition to the carryover of \$40,608 in 2006 CDBG funding recently approved by City Council.
 - c. Support implementation of capital projects that may be a part of the City's Comprehensive Housing Strategy with the balance of funding --\$75,216.

SUMMARY

A total of \$315,216 in prior year CDBG funds were initially allocated to the support of the Major Home Repair Program. While the Major Home Repair Program continues to be a high priority for the community, this amount of funding does not match the level of activity for this program. To meet HUD and King County regulations these unspent funds must be reprogrammed. Staff recommends reprogramming the funds to support the Minor Home Repair Program at \$90,000, the City of Shoreline's Curb Ramps Program at \$150,000, and activities to be specified in the Comprehensive Housing Strategy at \$75,216.

RECOMMENDATION

Staff recommends that the City Council hold a public hearing on the proposed reprogramming of \$315,216 in Community Development Block Grant funds, adopt the staff recommendation for use of the CDBG funds and approve Ordinance No. 467.

ATTACHMENTS *(Optional)*

Attachment A: Major Home Repair Program Flyer
Attachment B: Minor Home Repair Program Flyer
Attachment C: Ordinance No. 467

ORDINANCE NO. 467

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE NO. 463, BY INCREASING THE APPROPRIATION IN THE GENERAL FUND AND THE ROADS CAPITAL FUND), TO APPROPRIATE ADDITIONAL COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS

WHEREAS, the 2007 Budget was adopted in Ordinance 449 and amended by Ordinance 457 and 463; and

WHEREAS, the City of Shoreline has been allocated CDBG funds designated for capital purposes; and

WHEREAS, the City of Shoreline has identified the need to fund minor home repairs for senior citizens; and

WHEREAS, the City of Shoreline has identified the need to repair curb ramps and sidewalks to make them more accessible; and

WHEREAS, the City of Shoreline is required by RCW 35A.33.075 to include all revenues and expenditures for each fund in the adopted budget;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Amendment. The City hereby amends Section 1 of Ordinance No. 449 and the 2007 Annual Budget, by increasing the appropriation from the General Fund by \$90,000; for the Roads Capital Fund by \$150,000; and by increasing the Total Funds appropriation to \$92,207,828 as follows:

General Fund	\$28,926,398	\$29,016,398
Street Fund	\$2,556,529	
Arterial Street Fund	\$0	
General Reserve Fund	\$0	
Code Abatement Fund	\$100,000	
Asset Seizure Fund	\$23,500	
Public Arts Fund	\$84,000	
General Capital Fund	\$35,349,846	
City Facility-Major Maintenance Fund	\$110,000	
Roads Capital Fund	\$16,188,554	\$16,338,554
Surface Water Utility Fund	\$6,742,785	
Vehicle Operations/Maintenance Fund	\$139,988	
Equipment Replacement Fund	\$100,000	
Unemployment Fund	\$10,000	
Unltd Tax GO Bond	\$1,636,228	

Total Funds	<u>\$91,967,828</u>	<u>\$92,207,828</u>
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Section 2. Amending the 2007 Budget. The 2007 Annual Budget is amended to include the following appropriations:

A. Appropriation of New Revenue

- Additional CDBG funds totaling \$90,000 for Minor Home Repair
- Additional CDBG funds totaling \$150,000 for Curb Ramp/Sidewalk Repair

Section 3. Effective Date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. The ordinance shall take effect and be in full force five days after passage and publication.

PASSED BY THE CITY COUNCIL ON APRIL 23, 2007

Mayor Robert L. Ransom

ATTEST:

APPROVED AS TO FORM:

Scott Passey
City Clerk

Ian Sievers
City Attorney

Publication Date:
Effective Date:

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