

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Conduct a Public Hearing to Consider the Proposed Use of 2006 Community Development Block Grant. Authorize the City Manager to Sign the Contracts to Implement Approved Programs and Projects

DEPARTMENT: Office of Human Services, City Manager's Office

PRESENTED BY: Julie Modrzejewski, Assistant City Manager
Rob Beem, Human Services Manager

PROBLEM/ISSUE STATEMENT: The City's biennial Human Services Allocation Plan specifies the uses of local and federal Community Development Block Grant (CDBG) funds. In 2004 the City Council adopted the 2005-2006 Human Services Allocation Plan (HS Plan). This Plan allocates CDBG and locally generated funds. In order to use CDBG funding, the City must hold a public hearing and adopt the HS Plan's proposed use of CDBG funding each year. The second year of the HS Plan continues to rely on the guidance from an ad-hoc Human Services Allocations Committee and Council's direction that developed funding recommendations for agencies and projects.

ALTERNATIVES ANALYZED: After holding a public hearing on proposed 2006 CDBG Plan, Council has two alternatives to consider:

1. Council could approve the 2006 CDBG Plan for services and capital projects 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 receive \$406,579 in CDBG funds in 2006, subject to final federal appropriations.

RECOMMENDATION

After holding a public hearing, staff recommends that Council adopt the 2006 Community Development Block Grant Plan in accordance with Attachment A and authorize the City Manager to enter into agreements for implementing the funded projects.

Approved By: City Manager  City Attorney ____

INTRODUCTION

Each year, the Council must hold a public hearing on the proposed use of Community Development Block Grant (CDBG) and take action to adopt the allocation. CDBG funding is proposed to be used for Planning & Administration, Housing Repair, Public Services and Capital Projects.

BACKGROUND

2005-2006 Human Services Allocation Plan

Every other year the City develops a biennial plan to specify how it will allocate funds to address residents' human services needs. In 2004, the City adopted a plan that covers the years 2005 and 2006. Projects included in the 2005-2006 HS Plan range from:

- Direct funding of an agency's services (e.g. Food Bank Services) to,
- Development or preservation of affordable housing (e.g. housing acquisition for disabled adults) to
- Infrastructure modifications that improve residents' mobility (e.g. sidewalk accessibility) and safety, and
- Home repairs.

All activities are targeted to address the needs of low and moderate households and individuals. The plan is funded with a combination of local and federal revenues. Federal revenues come from the Community Development Block Grant (CDBG) program. This program has specific requirements that require the City Council to hold an annual public hearing and to adopt an annual CDBG allocation plan. 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. Attachment A specifies the 2006 CDBG Plan that addresses this requirement.

Community Development Block Grant Program

The Federal Community Development Block Grant Program was created under Title I of the Housing and Community Development Act of 1974. The primary objective of the community development program is the development of viable urban communities, by providing decent housing and 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% (\$46,000 for a two person household) of the King County median income. 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.

In June of 2005 the City Council approved a new three year Interlocal Agreement with King County for the administration and management of the City's the 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 are allocated to the local service delivery of broad

regional programs and to program planning and administration. Regional programs include a homeless prevention program (5%) and the King County Home Repair program (25%). Planning and administrative costs are agreed to be 10% for the City and 12% for the County.

Total 2006 CDBG Funding: \$406, 579

The total amount of funding that is available to support services to Shoreline residents in 2006 is projected to be \$406,579. This amount is based on an assumption that the federal appropriation for CDBG will be \$361,808, a 10% decrease from 2005, plus program income of \$44,771. The Interlocal Agreement between King County and the City of Shoreline that governs the CDBG specifies percentages of funding as noted above. Beyond programs funded in the Interlocal, the City has the responsibility to specifically direct how \$235,815 of these funds are allocated. The following chart specifies how the full amount of CDBG revenue is divided among various categories.

CDBG Category	2006
Public Services	
The Housing Stability Project	*\$20,329
City Defined Agency Funding	\$40,658
King County Home Repair	*\$101,645
Capital projects	
Minor Home Repair	\$40,000
Sidewalk Accessibility (Curb Ramps)	\$114,499
Capital Project Administration	*\$8,132
Program Administration and Planning	
King County	*\$40,658
City of Shoreline	\$40,658
Total CDBG Funding	\$406,579

* Percentage set in the Interlocal Agreement

THE PROCESS

The City allocates all funding for Human Services through a biennial competitive application process. The 2005-2006 Human Services Funding Plan was adopted in the fall of 2004. As always this plan is contingent on adoption of the City's annual budget and on federal appropriations. Continued funding in the second year is also contingent on an agency's satisfactory performance. For administrative efficiency CDBG City Defined Agency Funding is allocated to support one project, Shoreline/Lake Forest Park Senior Center. See Attachment A for a list of projects specifically funded with CDBG funds. The amounts for all projects funded in 2005 are listed in Attachment B.

To develop the 2006 recommendations the City relied on guidance from the two year funding plan, the new Interlocal Agreement with King County and performance of agencies. The City did not solicit new application for either services or for capital projects this year.

In building the two year plan, the City invited applications from a list of over 60 "interested parties" for Shoreline's 2005-2006 Human Services funding. An announcement of application availability was also placed in the Seattle Times and The Enterprise. An applicants' conference was held in conjunction with the North and East Funders Group in April of 2004. An ad-hoc Human Services Allocations Committee met in the summer of 2004 to review and recommend the 2005-2006 Human Services Allocations Plan. The Council accepted the Community Development Block Grant portion of the Plan in September 2004 and amended the Plan during the 2005 annual budget process. This amendment provided an additional \$62,311 that allowed the Council to add new services and increase the support to other funded agencies. Significant increases were allocated to the Center for Human Services, Hopelink and the Senior Center. New services included Wonderland Developmental Center and Child Care Resources. See attachment B for the full list of funded agencies.

2006 CDBG Capital Allocation

To better match the varying capital project needs and opportunities the City allocates CDBG Capital funding annually. In 2006, the CDBG Plan allocates a total of \$154,499 to continue support for two projects funded in 2005, Sidewalk Accessibility, Minor Home Repair.

Minor Home Repair: \$40,000: The HS Plan funded a new element of the home repair program in 2005, Minor Home Repair. The program fills the gap between the major home repair program - targeted to larger planned projects and major emergency repairs and the small electrical, carpentry and plumbing repairs needed by home owners on a frequent basis to keep their homes safe and in good repair. Through the end July, 2005, the program has completed 62 jobs at 19 different residences. At the current rate, the contract will be fully expended by the end of 2005.

The Minor Home Repair program is targeted to income eligible residents, mostly senior citizens. 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 expected to be in high demand and an ongoing part of the home repair program. The program is contracted out to Senior Services of Seattle/King County.

City Infrastructure Improvements: \$114,499: The City has determined a need to increase the amount of safe and accessible sidewalks. Staff recommends that \$114,499 be allocated from CDBG capital funds to construct curb ramps, sidewalk improvements and wheelchair pads at bus stops within the City of Shoreline for increased accessibility for persons with disabilities. An estimated 65-75 curb ramps will be constructed. Improvements will be made throughout the City, with locations to be determined by Public Works.

Local Delivery of Regional Programs

Shoreline's Interlocal Agreement with King County allocates City CDBG funds to two regional programs that serve Shoreline residents locally. The amount of funding to each program is set by formula in the Interlocal.

The Housing Stability Project: \$20,329: 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: \$101,645: The King County Housing Repair Program administers the Major Home Repair program on Shoreline's behalf. Beginning in 2006 the allocation to this program is set in the Interlocal at 25% or \$101,645, of the City's total CDBG amount. For the first time all cities participating in the Countywide Consortium fund home repair. Each city allocates 25% of their CDBG amount to home repair. 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 2004, the program assisted 21 households and has already served 6 households and spent \$70,400 through the second quarter of 2005. The \$101,645 allocated to home repair is \$34,000 reduction from the 2005 level. There is sufficient fund balance in the City's Home Repair accounts with King County to ensure sustained availability of this program in future years.

2006 Public Services

Allocate Maximum to Public Services: \$40,658: The overall 2005-2006 Human Services Funding Plan, see Attachment B, provides funding to 21 separate programs. In order to achieve greater administrative efficiency, the CDBG Public Services funds are targeted to one program. In 2005 the Shoreline Lake Forest Park Senior Center was allocated \$61,514 in CDBG funds. As in the past, the 2006 CDBG Plan fully allocates the maximum amount of funding for public services allowed, \$40,658, to the Shoreline/Lake Forest Park Senior Center.

Reduction in Overall CDBG Funding

The total CDBG funds available to the City are declining. The 2006 CDBG Plan Consistent with past practice the 2006 CDBG Plan (Attachment A) adjusts the funding levels for projects such as Home Repair, Accessibility Improvements and planning/administration to match available revenues.

Less public services funds available: The CDBG revenue available for public services in 2006 is \$21,000 less than in 2005. This is less than the level of funding when the City Council adopted the 2005-2006 Human Services Plan (Attachment B).

Address shortfall in 2006 Annual Budget: There are a number of scenarios for what this loss of revenue will mean to the individual projects supported in the 2005-2006 Human Services Plan. The City has historically adjusted its overall direct agency funding to human services agencies to match variations in CDBG revenue. This variation has been on the order of +/-5% of CDBG public services funds in any given year. Past practice has been to apportion minor increases or decreases in CDBG revenues across the board to all agencies. IN 2006, the decrease is projected to be 30% of CDBG public services funds (\$21,000). Staff recommends that City Council address the specific issue of lost federal revenue during development of the 2006 Annual Budget. Under any scenario the maximum amount of public services funds from the CDBG (\$40,658) are less than the total funding provided to the Shoreline/Lake Forest Park Senior Center \$(69,426). Given the need for administrative efficiency it will remain advisable to concentrate all the CDBG funding into this one project. The 2006 CDBG Plan (Attachment A) reflects this approach.

RECOMMENDATION

After holding a public hearing, staff recommends that Council adopt the 2006 Community Development Block Grant Plan in accordance with Attachment A and authorize the City Manager to enter into agreements for implementing the funded projects.

ATTACHMENTS

Attachment A: 2006 CDBG Funding and Contingency Plan
Attachment B: 2005-2006 Human Services Allocation Plan

ATTACHMENT A

2006 CDBG Proposed Allocations

CDBG Category	2006
Public Services	
The Housing Stability Project	*\$20,329
City Defined Agency Funding (Shoreline/LFP Senior Center)	\$40,658
King County Home Repair	*\$101,645
Capital projects	
Minor Home Repair – Senior Services	\$40,000
Sidewalk Accessibility (Curb Ramps)	\$114,499
Capital Project Administration	*\$8,132
Program Administration and Planning	
King County	*\$40,658
City of Shoreline	\$40,658
Total Estimated CDBG Funding	\$406,579

* Funding level set in the Interlocal

2006 CDBG Funding Contingency Plan

Since the CDBG funds are an estimate from the federal government, Shoreline must also adopt 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. The HUD budget is very uncertain this year and there is a greater likelihood of a reduction in CDBG funding.

1. If additional funding becomes available:

a. **Public Services**

In the event CDBG Public Service funds are increased in 2006, any additional funds would be distributed equally among the applicants based on the percent of the increase in funds available.

b. **Capital Projects**

If additional CDBG Capital funds become available to the City in 2006, these funds will be provided to the Sidewalk Accessibility Program.

c. **Planning & Administration**

If additional CDBG Planning & Administration funds become available to the City in 2006, it is recommended that the City use these funds for planning and administration purposes in.

2. If funding reductions are necessary:

a. **Public Services:**

In the event CDBG Public Service Funds are reduced in 2006, the Committee recommends reducing funding to all projects by the percentage of the decrease in overall funds.

b. **Capital Projects.** In the event the City's 2006 CDBG Capital Funds are reduced, the Committee recommends reducing funding to the Housing Repair Program, Major Repair Component.

c. **Planning & Administration.** If a reduction is necessary in CDBG Planning & Administration funds in 2006, it is recommended that the City reduce the amount to be used funds for planning and administration purpose.

ATTACHMENT B

2005-2006 Human Services Allocations

Program	Final 2005 Allocation
Children's Response Center	\$ 5,082
Center for Human Services	\$ 114,749
Crisis Clinic-Teen Link	\$ 4,958
Crisis Clinic-Telephone Services	\$ 7,300
Emergency Feeding Program	\$ 4,958
Food Lifeline	\$ 5,950
Friends of Youth-East/North Healthy Start	\$ 9,876
Homelessness Project	\$ 4,958
Hopelink-Family Development	\$ 4,958
Hopelink-Emergency Services	\$ 23,798
Hopelink-Kenmore Shelter	\$ 7,437
King County Sexual Assault Resource Center	\$ 5,206
Senior Services-Congregate Meals	\$ 2,975
Senior Services-Meals on Wheels	\$ 4,958
Shoreline/LFP Senior Center (\$61,514 - CDBG)	\$ 69,246
TeenHope-Shelter	\$ 10,908
Wonderland Development Center	\$ 4,958
CCS - Volunteer Chore	\$ 3,728
Child Care Resources	\$ 4,958
Community Health Centers	\$ 4,958
Senior Services - Volunteer Transportation	\$ 3,728
Total	\$ 309,647