



MEMORANDUM

DATE: March 23, 2015

TO: Mayor Balducci and City Councilmembers

FROM: James McEachran, Chair, Human Services Commission

SUBJECT: Revised Community Development Block Grant (CDBG) Recommendations for 2015

BACKGROUND

In the Fall 2014, Human Services staff originally estimated that the City would have \$878,340 in 2015 CDBG funds available for allocation. This included a projected \$578,340 in annual grant funds from the federal government, and approximately \$300,000 in Home Repair Program loan repayments and funds from the existing CDBG reserve balance. Using these projections, the Human Services Commission made recommendations for project funding in 2015.

After Council adopted the Commission's original recommendations in November 2014, the U.S. Department of Housing and Urban Development (HUD) asked the City to implement a plan to spend down the balance of reserve CDBG funds that the City currently maintains in order to maintain compliance with the CDBG program rules. In addition, HUD announced that Bellevue would receive \$613,370 in annual grant funds for 2015 from HUD which was \$35,030 greater than projected.

The original CDBG Contingency Plan recommended by the Commission only addressed how to allocate additional annual grant funds awarded from HUD. As such, \$35,030 could be allocated to the City's Home Repair Program in accordance with that Contingency Plan. That left another \$190,000 available for allocation to comply with HUD's direction to reduce the City's CDBG reserve.

ADDITIONAL REQUEST FOR PROPOSAL (RFP) PROCESS

From January 2-27, 2015, the City held an open RFP process for community agencies to submit proposals for CDBG funding. The purpose of the RFP was to solicit additional proposals that could be considered for CDBG funding in addition to adding funding to existing CDBG funded projects. Specifically, the RFP included the following wording:

ELIGIBLE ACTIVITIES: Consideration for this portion of "Supplemental" CDBG will be limited to:

- ☐ *Acquisition or design-related ("architectural and engineering") costs of public and private real property that serves low- and moderate-income residents.*
- ☐ *Other activities may be considered, depending on the resulting administrative burden.*
- ☐ *Activities must be completed by 9/15/15.*

The RFP was advertised to all current grantees of the City, whether funded through CDBG dollars or the Human Services Fund, but was not limited to agencies currently receiving City funding.

Four proposals for capital projects were received (Boys & Girls Club, Congregations for the Homeless, Salvation Army, and Senior Services' Minor Home Repair Program). The Human Services Commission considered these project proposals, along with currently funded CDBG projects, at their meetings on February 3 and 19, 2015, and all organizations which submitted proposals and/or were recommended for funding were notified of the Commission's recommendations via email on February 24, 2015. The email included the attachments which are part of the agenda item that came before Council on March 16.

OVERVIEW OF RECOMMENDATIONS

The common thread throughout the Commission's recommendations was that these projects were currently supported through other City efforts, including the Human Services Fund and other areas of the City's 2015-16 budget. The Commission often recommends funding for projects to bolster existing City support.

- \$22,765 in additional funds for social services:
 - \$17,765 is recommended to extend the Eastside Winter Shelter operated by **Congregations for the Homeless**, through April 2015.
 - \$5,000 is recommended to extend the Eastside Winter Shelter operated by **The Sophia Way**, through April 2015.
 - \$5,000 in additional funds for CDBG planning activities to support the **City's 2015-2016 Human Services Needs Update** process. Additional funds will help support costs associated with the phone/online survey of Bellevue residents.
 - \$99,210 to support architectural design and engineering activities around the new **Boys & Girls Club** facility planned in Downtown Bellevue. This is to support the City's existing participation in this public-private partnership.
- An additional \$70,030 to serve more households through **the City's Major Home Repair Program**.
 - An additional \$28,025 to serve more households through the **Senior Services Minor Home Repair Program**.

Another important consideration was that all of the projects recommended indicated they would be able to spend the additional CDBG funds by September 15, 2015, in order to meet HUD requirements for timely spending.

APPLICATIONS NOT RECOMMENDED FOR FUNDING

There were not sufficient funds to support all CDBG requests and the Commission's rationale for not recommending capital funding for two organizations was as follows:

- **Congregations for the Homeless - Permanent Low-Barrier Shelter**
The Commission initially recommended \$68,000 for non-construction capital funds for the Permanent Low-Barrier Shelter. However, Human Services staff and the Commission subsequently learned from ARCH staff that the ARCH Executive Board had already set aside up to \$50,000 for Congregations for the Homeless for pre-development work related to the permanent winter shelter. In addition, there are pre-development loan funds of \$85,000 available through Impact Capital. Another consideration was that these funds needed to be spent by September 2015 to meet HUD timeliness requirements and, although the regional efforts to develop the permanent winter shelter are moving forward, ARCH had concerns that this deadline could be met. With this new information that other funds for Congregations for the Homeless were

available for the design of the permanent shelter, the Commission decided to recommend moving the \$68,000 to Bellevue Boys & Girls Club which nearly met their full request. In addition, the Commission recommended CDBG public service funds to extend the temporary winter shelter operated by Congregations for the Homeless.

- **Salvation Army - Eastside Corps Community Center**

As noted above, in its recommendations the Commission preferred to support the City's existing initiatives with which it is already deeply engaged through its other investments. There was also strong support by the Commission for adding CDBG funding to existing projects, particularly those which have demonstrated their effectiveness and weren't able to be fully funded last Fall. The Commission did note that the City is currently providing \$15,137 to the Salvation Army to support its emergency financial assistance program and they had questions about the organization's history in terms of collaborative partnerships. For these reasons, they chose not to support their request for non-construction capital funds at this time although the Salvation Army may apply for CDBG funding in the future.

Thank you for the opportunity to clarify the Human Services Commission recommendations. I would like to assure you that the Commission's process for recommending the additional CDBG funding that became available was thoughtful and thorough although we acknowledge we did not have enough funding to support all projects. If you have additional questions, please call me at 206-769-0987 or Human Services staff (Emily Leslie, 425-452-6452, or Joseph Adriano, 425-452-6165).

cc: City Manager's Office
Patrick Foran, Director, Parks & Community Services
Terry Smith, Assistant Director, Parks & Community Services
Human Services Commission