



City of Tigard Memorandum

To: Tigard City Council
From: Marissa Grass, Associate Planner
Re: Community Development Block Grant Entitlement Status
Date: February 23, 2015

BACKGROUND

Tigard currently participates in the Washington County Community Development Block Grant (CDBG) Consortium.

This program was created in 1979. At that time no single entity (county or city) could meet population thresholds to become an individual entitlement jurisdiction. The Policy Advisory Board (PAB) was created to, “provide the cities of Washington County, as well as the county, the opportunity to actively participate in an advisory role to the Washington County Board of Commissioners in the planning, implementation, evaluation, and policy formation of the CDBG Program of Washington County.” Councilor Henderson currently serves as the city’s representative to the PAB.

Overtime, as Washington County cities have achieved the population thresholds necessary to achieve Metropolitan City status, cities have had to decide whether to remain in the Consortium or to become a direct entitlement jurisdiction. The city of Beaverton elected to become a standalone entitlement grantee in 1994. Hillsboro elected to become a joint entitlement in 2000.

Tigard met the population threshold to become a direct entitlement jurisdiction in 2014. At that time, Council directed staff to remain in the Consortium and to use this time to evaluate the city’s options moving forward. The next upcoming urban requalification period begins in July 2018. In order meet deadlines, the city must make its decision about which of the three options to move forward with prior to 2017.

This memo will detail an analysis of the three options available to City Council in moving forward and provide a recommendation to Council.

OPTIONS

Once a city in Washington County reaches 50,000 in population, there are three options to consider:

1. City elects to go out on its own as a “standalone” entitlement grantee.
 - Funds are completely independent from County
 - Program is operated completely separate from County
 - City does not sign an IGA with the County
 - City is financially and programmatically responsible directly to HUD
 - City does not participate in the PAB
 - Example: Beaverton (1994)
2. City elects to become a joint entitlement.
 - Allocation amounts are announced separately at the time of appropriation (County\$/City\$); thereafter they are combined in US Treasury as one amount.
 - County and city sign a different version of IGA plus an Operating Agreement which lays out how the joint relationship will work.
 - A portion of the city’s allocation stays with the Consortium (example: Admin and Public Services)
 - City does not compete for funds
 - City participates in the PAB decision-making
 - Example: Hillsboro (2000)
3. City elects to remain within the Consortium
 - Funds stay in the Consortium benefiting the county as a whole
 - City signs Intergovernmental Agreement (IGA) with the County to remain in Consortium
 - City competes for funds within the consortium
 - City participates in PAB decision-making
 - Example: Tigard (2014)

RECOMMENDATION

Staff recommends that City Council elect to remain within the Washington County Consortium (option 3 above) for the next urban requalification period beginning in July 2018.

ATTACHMENTS

Attachment 1: Washington County CDBG Program Overview

Attachment 2: Analysis of Options

Attachment 3: Potential CDBG Project List

Attachment 4: Past City of Tigard CDBG Projects

Community Development Block Grant Program: Analysis of Options

The following analysis is presented out of order. The current and recommended option (Option 3) is described first, followed by option 1 and then option 2. Presenting the items in this order allows the key policy considerations to build on each other throughout the memo.

A brief table is presented at the beginning of each option to summarize the key elements that differ among the options. These elements include:

- Administrative Responsibility: Either the city or the county
- Continued to participation in the Policy Advisory Board: Either yes or no
- Staffing and social service impacts: To give you a sense of scale, ○○○ indicates the current level of impact, ● ● ● indicates considerable impacts.

Option 3: City elects to remain within the Consortium (CURRENT)

<u>Administrative Responsibility</u> <input type="checkbox"/> City <input checked="" type="checkbox"/> County	<u>Compete for projects</u> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<u>Participates in the Policy Advisory Board</u> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<u>Staffing Impacts</u> ○○○	<u>Impacts to Social Services</u> ○○○

If the city were to remain within the consortium, there would generally be no changes to our current process.

Key Policy Considerations

- Tigard has been relatively successful in the competitive funding process. From 2002 to 2015, nine projects have been successful in the competitive funding process. Over this time, there were three years where a City of Tigard project was submitted but not funded. One of those projects, Garrett St Sidewalks, was submitted twice before being funded. That leaves just one unfunded project over this time period.
- While there is a shortfall in each category funded by CDBG, the largest shortfall exists for Public Services projects. In the current funding round (2016-17), The Policy Advisory Board received more applications than in prior years requesting a total of \$1,173,095 with only \$382,733 in funding available (\$847,772 shortfall). Applications for Public Services included rent and utility assistance, the county’s coordinated entry system for persons experiencing or at risk of homelessness, the Good Neighbor Center’s Children’s Program, and more. Remaining in the Consortium means two things for Public Services in particular:

- Tigard residents remain eligible for County CDBG funded programs. This is unlike in Beaverton where residents are only eligible for City of Beaverton funded programs.
- The city does not place an additional burden on nonprofits to apply and track separately city CDBG funding.
- The city could potentially fund a larger project by remaining in the Consortium. Although the funding is competitive, the city has access to a larger pot of money in the Consortium.

Option 1: City elects to go out on its own as a “standalone” entitlement grantee.

<u>Administrative Responsibility</u> <input checked="" type="checkbox"/> City <input type="checkbox"/> County	<u>Compete for projects</u> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<u>Participates in the Policy Advisory Board</u> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<u>Staffing Impacts</u> ● ● ●	<u>Impacts to Social Services</u> ● ● ●

Key Policy Considerations

- The city could fund a very limited in-house CDBG program. Current allocation estimates (\$226,100) support a part time position and leaves approximately \$182,000 to allocate to city projects and sub-grantees.
- Becoming a standalone grantee would allow Tigard autonomy when setting program priorities and making funding decisions. The city would no longer participate in the PAB for CDBG decision making.
- Other cities in Oregon are able to maintain a program of this size, however, they typically choose to limit the number of annual sub grantees as a way to keep the level of staff effort to no more than 20 hours per week. As a result, this option means reduced flexibility to fund multiple projects.
 - Example: Redmond, OR
The City of Redmond has a similar entitlement amount to Tigard (\$208,791). They have hired a part time (.5 FTE) Grant Program Coordinator to oversee the program. At this time, they are currently able to oversee 3 sub recipients.

Potential Program Budget	
Estimated Allocation	\$226,100
Max 20% for Administration	\$45,220
Estimated Wages & Benefits	\$44,014
Total for Projects	\$182,086

ATTACHMENT 2

- Makes Tigard residents ineligible for Washington County CDBG funded social service programs. At the same time, the city would be unable to provide funds to the breadth of organizations the county funds. Thus, Tigard residents could potentially have reduced access to these programs. HUD limits the amount of funds used for public services to 15%. If the city were to go out on its own, a maximum award of \$33,915 would be available. As stated earlier, this year the Policy Advisory Board received more applications than in any previous year requesting a total of \$1,173,095 with only \$382,733 in funding available (\$847,772 shortfall).
- Funds distributed by the city could make the process more onerous for nonprofits. Nonprofits would have to apply separately to the city, county, and any other direct entitlements (Beaverton and Hillsboro) in order to serve Washington County. The organizations would also have to separately track and administer their programs.
- There would need to be considerable effort on the city’s part to put together a new program. This would include putting together a committee and public process to set program priorities, hiring and training new staff, and designing an application and review process.
 - Example: Grants Pass, OR
The City of Grants Pass estimates that at least 6 months is needed to get a new CDBG program up and running. In addition the city used resources for consultant services for a strategic plan and annual action plan.
- The city could choose to fund economic development projects which are not currently part of the county program.

Option 2: City elects to become a joint entitlement.

<u>Administrative Responsibility</u> <input type="checkbox"/> City <input checked="" type="checkbox"/> County	<u>Compete for projects</u> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<u>Participates in the Policy Advisory Board</u> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<u>Staffing Impacts</u> ● ● ○	<u>Impacts to Social Services</u> ○○○

Key Policy Considerations

- This option is a hybrid between options 1 and 3. Becoming a joint entitlement would mean that the city becomes a separate entitlement but remains within the County CDBG program. The details of this option would be spelled out in an Intergovernmental Agreement and Operating

Potential Project Budget	
Estimated Allocation	\$226,100
40% for eligible projects	\$90,440
Total for Projects	\$90,440

Agreement with Washington County. In this scenario, the city's entitlement would be received by the county and administered through Washington County's Office of Community Development (OCD).

- The City of Hillsboro currently operates in this arrangement with the county. At the time, this decision was made for several reasons: the costs of administering a separate city program can be burdensome; the ability to guarantee a certain annual allocation of public infrastructure or public facility projects is appealing; and the recognition that the public service agencies located in Hillsboro would continue to receive funds from the county program to serve both Hillsboro and County residents.
 - Under Hillsboro's operating agreement with the County, the city retains 50% of their entitlement for eligible projects (infrastructure or public facilities serving primarily low/moderate income persons or protected classes). Remaining funds pay for administration, public services, and the other categories including housing rehab.
 - The city is under obligation to spend the funds in a timely manner.
- The primary benefit of this option is that the city would no longer compete for projects. The city would have an estimated \$90,440 available annually for a project of its choosing. Up to two years of funding could likely be combined to afford a more expensive project.
- The city would be responsible for regular project delivery to ensure the county is able to meet their commitments to HUD. This could impact the city's workload, and ability to complete other projects.

Additional Considerations

Potential changes to the County Program

- At the October 2015 PAB meeting, city representatives from Hillsboro announced that they are currently in the process of evaluating whether the city should remain as a joint entitlement or consider going out on their own. If Hillsboro were to leave the county consortium, there would be about a 26% drop in funding. This would necessitate changes countywide – potentially including a reduction in county staff, changes to funding priorities, etc.

County's Risk of losing Emergency Solutions Grant Funding (ESG)

- If the City of Tigard were to either leave the Consortium or go "joint," Washington County's eligibility for Emergency Solutions Grant funding could be affected. In the year following Tigard's first allocation of CDBG, the ESG allocation attributable to Tigard's geography would be folded into the State of Oregon's ESG allocation. We estimate that the amount will not be large enough to cause the remaining Washington County ESG allocation to also fold into the State of Oregon ESG allocation. However, if the

ATTACHMENT 2

populations and/or poverty-related data for Beaverton, Hillsboro and Tigard increase at a greater rate than for Washington County's remaining population, it is possible that the Washington County direct ESG allocation could be folded into the State of Oregon allocation at a future point in time.

- The county has found that once the funds are added into the state's ESG allocation, the total amount is not returned to the county in services.
- Currently the county's ESG money is subcontracted directly to Community Action. They manage the rent assistance funds and they subgrant out funding to the shelters for shelter operations. They also subgrant outreach dollars to Luke-Dorf, Open Door Counseling, and HomePlate.