



Planning and Community Development City of Bellingham

Memorandum

TO: Community Development Advisory Board members
FROM: Samya Lutz, Housing & Services Program Manager
DATE: March 30, 2021
RE: **2021 HUD Action Plan**

This memo walks through the changes made to the Action Plan since the draft 2021 Action Plan was published on March 2. You are receiving the amended budget (Exhibits A and B) along with this memo. The draft budget was unbalanced, the current staff recommendation draft shows a balanced budget.

2021 Action Plan budget sources

As discussed during the March CDAB meeting (on March 11), the budget this year is more complex, with some additional funds made available for COVID-specific response. Even more funds have been added to the Action Plan since the draft was initially published, resulting in the most complex Action Plan the City has seen to-date. The complete suite of funding sources that have been added due to COVID and recent opportunities include:

- Dedicated HUD CDBG-CV funds, as well as the temporary ability to utilize more than the typical 15% of standard CDBG funds, if the overage is for COVID-response. Some of this funding source was programmed as part of the December 2020 Action Plan amendment, and the remainder is programmed in the 2021 Action Plan.
- HUD HOME-ARPA supplemental funds, which are estimated at \$2,000,000. Final allocation amounts are expected to be announced April 9.
- Commerce CDBG-CV funds, which are being disbursed up to a formula amount following an application process to Entitlement communities (of which Bellingham is one) from WA State's HUD CDBG-CV allocation.
- City REET funding, which City Council allocated specifically for the Tiny House Village, and have a maximum of \$1m expenditure for projects serving homeless-on-entry.
- City 1590 funding, with City Council recently passed and is expected to bring in approximately \$3m/year and can be spent according to [RCW 82.14.530](#) (roughly 60% capital, 40% services, with additional rules).

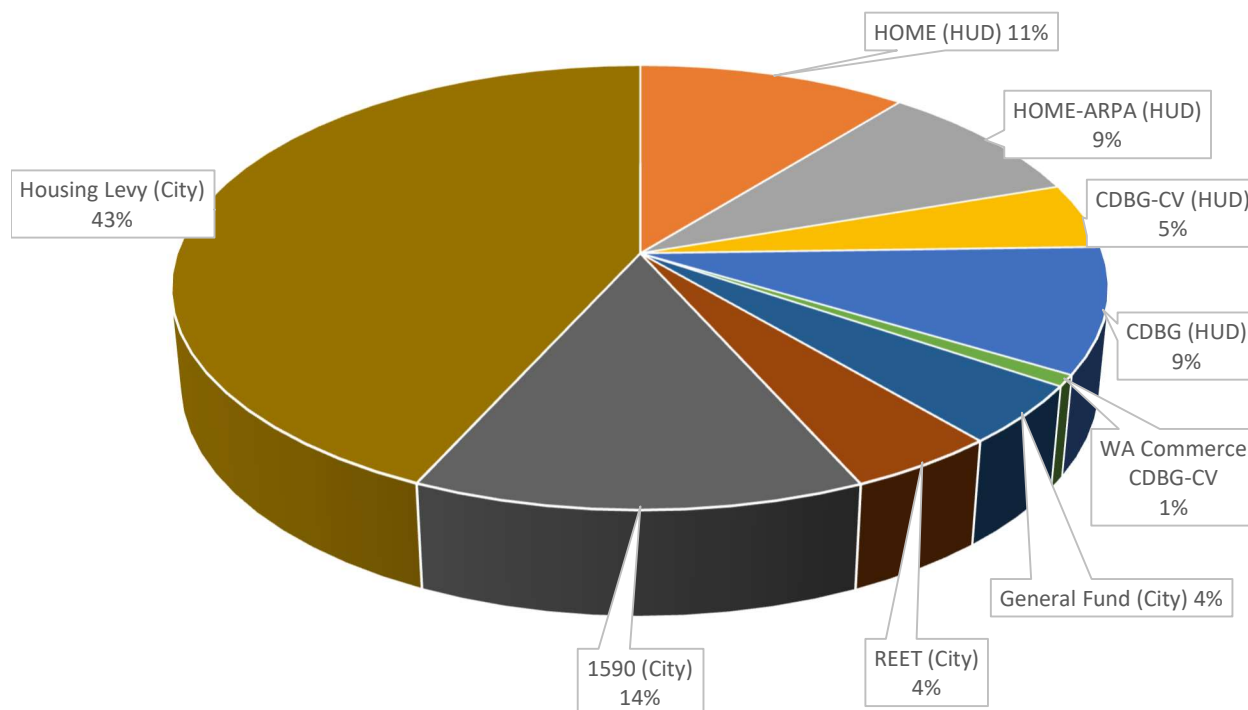
These are in addition to the typical HUD sources of the HOME Investment Partnership Program (HOME) allocation to participating jurisdictions, and the Community Development Block Grant (CDBG) allocation to entitlement communities; and in addition to the typical City sources of limited General Fund dollars and the Housing Levy.

All of the sources of funding have rules associated that govern how funds can and cannot be spent, specifying things like allowable uses, limitations on portion available for services v capital expenditures, spending limits for administrative dollars, etc. The practice of staff is to allocate the most restrictive dollars first.

The HUD waivers available during the pandemic have added flexibility and complexity to the process, most specifically with the possibility to utilize more than the typical 15% of CDBG funding for services if those services are in response to the COVID pandemic.

The additional funding sources have allowed the City to get the Housing Levy, particularly the Housing Production, and Services programs, projected to be back into balance at the end of the coming year.

The resulting mix of sources for the 2021 Action Plan funding looks like this:



2021 Action Plan budget uses

The categories for uses proposed remain as indicated in the Draft Action Plan, each of which will be discussed in turn:

- Rental/Interim Housing Production and Preservation Program
- Homebuyer Program
- Community/Public Facility Program
- Rental Assistance and Supportive Services Program
- Administration (& Contingency)

Rental/Interim Housing Production and Preservation

A total of 62% of the funding is slated to go to Housing Production and Preservation. The three new rental development projects which applied for City funding are all proposed to be funded as follows:

- Opportunity Council, Laurel & Forest St (downtown) Senior Housing – this project requested \$2m for 70 units of housing (~\$28,500/unit), and is proposed to be fully funded through a mix of HOME (CHDO set-aside), HOME-ARP, City 1590, and City Housing Levy funding.

- Mercy Housing NW, Millworks (waterfront) – this project requested \$1.5m for 62 units of housing (~\$24,000/unit), and is proposed to be fully funded through a mix of City 1590 and Housing Levy funding.
- Bellingham Housing Authority, Samish Commons building 3 – this project requested \$3.7m for 49 units of housing, on top of the \$552,750 the City has invested in the land (~\$86,700/unit). The budget proposed a City commitment of \$48,000/unit, or an additional ~\$1.8m investment through a mix of HOME-ARP and City Housing Levy funding. The City is committed to seeing the Samish Commons project through to fruition and will be working with the BHA and other partners to help fill the funding gaps for this project. The new commitment would bring the City's total investment in this project to ~\$6.8m for the 171 units (avg of ~\$39,700/unit).

This program reflects previous commitments to five ongoing housing development projects, and also shows funding held for:

- Predevelopment assistance for new housing projects (Housing Levy) – this allows the City to maintain support for developing a pipeline of new housing development projects;
- Additional housing development support
 - HOME-ARP – a portion of the expected HOME-ARP allocation is not programmed mainly due to the fact that we do not have certainty on the final allocation amount that will arrive from this funding source;
 - REET – the Council allocated \$1m in REET for development; the portion that is not programmed to support the Tiny House Village remains available for additional homeless-on-entry housing.

Homebuyer Program

This program reflects full funding for the request from Kulshan CLT for assistance with Phase 1b of the Telegraph Townhomes project (\$40,000/unit), as well as funding to continue to ongoing partnership for downpayment assistance for first-time homebuyers through the WA State Housing Finance Commission.

Community/Public Facilities Program

Funding is included for two facilities projects that applied for City funds: the YMCA childcare facility (to serve 122 kids, at least 23 of whom are under 50% AMI), and an expansion of the Bellingham School District's Shuksan Family Resource Center that serves families in need across the school district (approximately 1,000 individuals/year). Additional funding is available for emerging facilities projects that meet City goals and priorities.

Rental Assistance and Supportive Services Program

Funding going to this program totals 27% of the total, and supports:

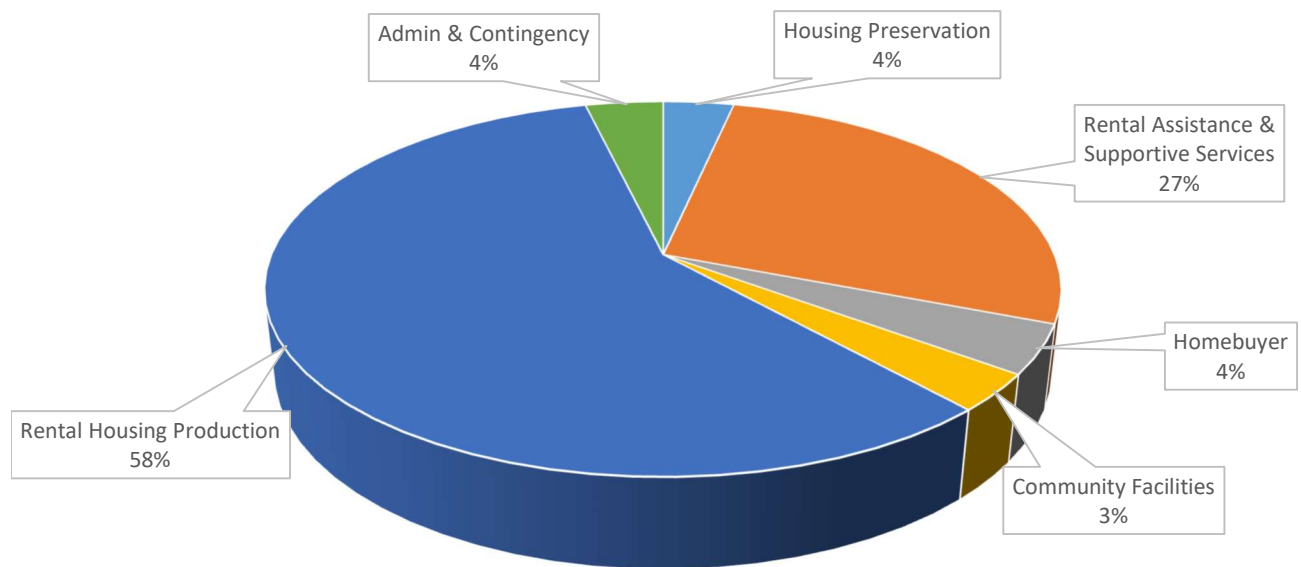
- Rental assistance (prioritized to individuals experiencing or at risk of homelessness, particularly families with children and seniors)
- Whatcom Homeless Service Center and the Homeless Outreach Team
- Northwest Youth Services Ground Floor day center for youth experiencing homelessness
- The Groundlevel Response and Coordinated Engagement (GRACE) program managed by Whatcom County and carried out by SeaMar, expanding to also include a Law Enforcement Assisted Diversion (LEAD) program this year
- Emergency winter motels stays
- The new Low-Income Housing Institute Tiny House Village to be operated with support from Road 2 Home at the City's old Clean Green site
- Support services for housing stability and operations at permanent supportive housing facilities:
 - CHS, Francis Place

- Opportunity Council (OC), 22 North
- Sun, Gregg's House and Nevada Street PSH
- Lydia Place, Heart House (under development)
- Competitive housing services requests – we will discuss this funding in detail at the April 1 CDAB meeting:
 - OC Rapid Rehousing and Diversion
 - Lydia Place Family Services
 - OC Housing Lab
 - NWYS Transitional Living (for youth 18-24)
 - NWYS PAD (for youth <18)
 - YWCA
 - DVSAS Safe Shelter
- Additional funding held for housing services and/or project-based services
- Competitive Human and Social Services Funding – we will also discuss this funding in detail at the April 1 CDAB meeting, which includes the following areas of service:
 - Counseling and mental health supports
 - Childcare and early learning
 - Nutritious food
 - Chores for disabled and elderly
 - Vocational readiness and literacy
 - Supportive services to victims of child abuse, survivors of domestic violence, seniors, AIDS patients, low-income students and their families
 - Mediation, restorative justice, education and prevention services

Administration & Contingency

Administrative funding reflects 4% of the total budget.

The resulting mix of all uses for the 2021 Action Plan funding looks like this:



Public Feedback

Information about the Action Plan has been posted on the [Engage Bellingham](#) website since the beginning of March. Four people have posted comments, with a couple staff comments added in response. The comments touched on:

- Support for utilizing the old St. Joe's campus on Ellis St,
- Support for addressing housing problems and supporting community activity centers, and
- Support for addressing the homeownership gap – helping community members build wealth through homeownership, and looking at ways to bridge the wide gap between the cost and what is affordable for mortgage-qualified households.

Summary

City Council considers the final full Action Plan on April 26th. CDAB's recommendation needs to come prior to that time. CDAB may choose to vote on their recommendation on April 1. If CDAB feels they need more time to consider a recommendation to Council on the full Action Plan, they could schedule a special meeting on April 15th in addition to considering the Plan on April 1.

If you have any further questions, please feel free to contact me at 360-778-8385 or email at sklutz@cob.org.

EXHIBIT A
2021 ACTION PLAN SUMMARY

RESOURCES ANTICIPATED	CDBG	CDBG-CV	HOME	HOME-ARP	COMMERCE CDBG-CV	CITY GENERAL FUND	CITY REET	CITY 1590	CITY HOUSING LEVY	TOTAL
2021 Grant/Allocation	840,208	-	602,793	2,000,000	184,887	443,278	497,900	3,000,000		7,569,066
Program Income (Loan Paybacks)	710,000		140,000	-		-	-			850,000
Prior Year Uncommitted/Deobligated Funds	256,078	400,128	-	-		-	-			656,206
EXISTING COMMITMENTS (AWARDS)	215,000	654,098	1,651,771	-		520,730	502,100		5,116,884	8,660,583
HOUSING LEVY New Allocations:										
Levy Production & Preservation	-		-	-		-	-		2,642,581	2,642,581
Levy RASS	-		-	-		-	-		1,352,462	1,352,462
Levy Homebuyer	-		-	-		-	-		244,000	244,000
Levy Admin	-		-	-		-	-		240,000	240,000
TOTAL:	\$ 2,021,286	\$ 1,054,226	\$ 2,394,564	\$ 2,000,000	\$ 184,887	\$ 964,008	\$ 1,000,000	\$ 3,000,000	\$ 9,595,927	\$ 22,214,898

[illegible]

[illegible]

EXHIBIT B
2021 RENTAL ASSISTANCE AND SERVICES

	CDBG	CDBG-CV	HOME	HOME-ARP	COMMERCE CDBG-CV	CITY GENERAL FUND	CITY REET	CITY 1590	CITY HOUSING LEVY	TOTAL
Existing Commitments:	-	654,098	-			\$500,730	\$502,100		\$809,062	\$ 2,465,990
New or Reprogrammed Revenue:										
Housing Services & Rent Assistance	\$360,274	\$45,000	\$165,300	\$416,000	\$184,887	\$90,750		\$1,124,540	\$544,900	\$ 2,931,651
Human and Social Services	\$120,232	\$144,283				\$302,528				\$ 567,043
Project-based Rent and Services								\$75,460		\$ 75,460
Emergency Shelter Services						\$50,000		\$0		\$ 50,000
TOTALS	\$ 480,506	\$ 843,381	\$ 165,300	\$ 416,000	\$ 184,887	\$ 944,008	\$ 502,100	\$ 1,200,000	\$ 1,353,962	\$ 6,090,144

2021 PROGRAM

[illegible]