

April 10, 1992

INTRODUCED BY RON SIMS

PROPOSED NO. 92-314

MOTION NO. 8644

A MOTION adopting the 1993 King County Community Development Block Grant Consortium Policy Plan, including the administrative setaside, and the 1993 Local Program Policies for the Pass-through Cities funds and for the County and Small Cities funds, including the King County regional earmarks for 1993.

WHEREAS, King County is a member of the King County Community Development Block Grant Consortium, and

WHEREAS, King County as the official applicant is responsible to the federal government for all activities undertaken in the King County Consortium with Community Development Block Grant funds, and

WHEREAS, federal Community Development Block Grant legislation requires King County to adopt an annual community development plan to guide the use of Community Development Block Grant funds and identify community development and housing needs, and

WHEREAS, the 1993 King County Community Development Block Grant Consortium Policy Plan (hereinafter referred to as the 1993 CDBG Consortium Policy Plan) meets the federal Community Development Block Grant requirements for an annual plan for the year January 1, 1993 to December 31, 1993, and

WHEREAS, King County Consortium members have participated in the development of the 1993 CDBG Consortium Policy Plan through review and comment, and

WHEREAS, the Consortium's Joint Policy Committee endorsed the 1993 CDBG Consortium Policy Plan, including the administrative setaside;

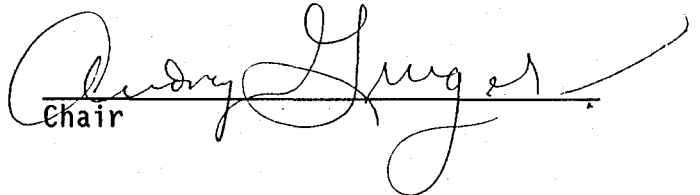
NOW, THEREFORE, BE IT MOVED by the Council of King County:

A. The attached 1993 King County Community Development Block Grant Consortium Policy Plan including the administrative setaside, and the 1993 Local Program Policies for the Pass-through Cities and for the County and Small Cities fund, including the regional earmarks, are hereby adopted to guide the planning and development of the 1993 Community Development Block Grant Program.


B. All eligible applications shall be given consideration.

PASSED THIS 18th day of May, 1922

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Chair

ATTEST:


Clerk of the Council

M106

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

FUNDS AVAILABLE IN 1993

There are several components which make up the total funds available: the entitlement; program income; prior years' recaptured dollars; and other federal funds, notably the HOME funds for housing activities.

In 1993, the total funds available to the Consortium are projected to total \$8,324,000. Please refer to Table 1 below for a summary of the funds projected to be available in 1993 compared to past years.

TABLE 1: Total Funds Available, 1991-1993

	<u>1991</u>	<u>1992</u>	<u>1993 (est)</u>
CDBG Entitlement	\$4,406,000	\$4,859,000	\$4,859,000
Program Income	835,649	811,882	770,000
Prior Years' Recaptured Funds	407,831	527,987	475,000
Other Federal Funds	<u>509,000</u>	<u>2,269,503</u>	<u>2,220,000</u>
Total	\$6,158,480	\$8,468,372	\$8,324,000

The Entitlement: This is difficult to project since the amount is dependent on federal budget negotiations between the Senate, House and Administration. At this point, sources in Congress as well as national community development associations are predicting that the program will receive at least the same amount as in 1992, and probably more. We are keeping our estimate at the 1992 level for now, but will look at it again in the summer.

Program Income: Our projection for the amount of CDBG program income that will be available for allocation in 1992 is fairly high: \$770,000. These funds are from two major sources: interest income on the Community Development Interim Loans ("CD Floats") and individual housing repair loan pay-backs.

Prior Years' Recaptured Dollars: These are dollars which are left over after projects are completed (or in rare cases cancelled). These funds are roughly projected to total \$475,000. This figure will be refined further in the summer, as more projects are completed.

Other Federal Funds: The major source of other federal funds is the new HOME Investment Partnerships Act program, which provides federal matching funds for housing. We are projecting \$2,117,000 for 1993, the same amount as 1992. Once again, the exact amount will depend on federal appropriation levels. In addition, two non-CDBG Consortium Cities, Bellevue and Federal Way, have joined the

Consortium for HOME purposes. All other things being equal, this should raise our HOME allocation by about \$350,000; however, as other jurisdictions around the nation also form consortia, the funds have to be stretched further nationwide. In view of this uncertainty, we are conservatively projecting the same amount as in 1992.

There are miscellaneous other federal funds which the CDBG Program has long administered on behalf of the Consortium. These include the Emergency Shelter Grant Program and when available the Farmers Home Administration Housing Preservation Grant dollars. In addition, there will continue to be occasional Rental Rehabilitation program income dollars due to loan paybacks, even though the Rental Rehabilitation program itself has been folded into HOME and no longer exists as a separate program at the federal level.

In summary, the total funds available in 1993 are expected to be about the same as in 1992; we will be providing an update in the summer so that Pass-through Cities may have a more accurate estimate of the funds available to them for allocation.

A204 (3/30/92)

The 1993 ADMINISTRATIVE SETASIDE

8644

For 1993, the proposed Community Development Block Grant (CDBG) Administrative Setaside is \$870,063. This is 10.5% of the total funds available, and represents a status quo budget in terms of staffing. Please refer to Table 2 below for a comparison of 1991-1993.

TABLE 2: CDBG Administrative Setaside Costs Relative to Total Funds Available, 1991-1993

	<u>1991 Actual</u>	<u>1992 Budgeted</u>	<u>1993 Proposed</u>
Salaries and Benefits	\$564,980	\$632,903	\$691,125
Other Operating Costs	126,584	139,818	178,938
Underexpended/Returned to Consortium	<u>14,642</u>	<u>Unknown</u>	<u>Unknown</u>
Total Administrative Setaside	\$706,206	\$772,721	\$870,063
Number of FTE's	12.17 FTE	12.33 FTE	12.33 FTE
Total Funds Available to Consortium	\$6,158,480	\$8,468,372	\$8,324,000
Administrative Setaside as % of Total Funds	11.5%	9.1%	10.5%

Background

Most of the cost of administering the Consortium's CDBG Program is set aside "off the top" of the funds available every year. To determine the amount to set aside, the Executive proposes a preliminary CDBG administrative budget which is reviewed and approved by both the Consortium's Joint Policy Committee (JPC) and the County Council in the spring of every year. This preliminary budget includes the direct costs of administering the Consortium's CDBG Program; it does not include any indirect administrative costs ("overhead") which the County charges the CDBG Program.^{1/}

^{1/} Indirect administrative costs are charged in order to help pay for services from the Office of Financial Management, Executive Administration, Personnel, etc. These costs are excluded from the setaside under the Consortium's 3-year interlocal cooperation agreement. This means that any indirect costs that the County charges to the CDBG Program must be borne solely by the County and Small Cities Fund rather than coming off the top of the entire grant.

This preliminary administrative budget represents the maximum amount that will be set aside "off the top" of the Consortium's funds. The administrative budget itself is subject to adjustment during the County's regular budget cycle. If it is adjusted downward, funds will be returned to the Consortium. If it is adjusted upward, the necessary additional dollars will be taken from the County and Small Cities share of the funds, rather than "off the top."

Explanation of Cost Increases

The total administrative costs are increasing by almost \$100,000, due largely to two factors: (1) increased salary and fringe benefit costs, and (2) the new HOME program, which presents some challenges for which we must be prepared.

(1) Increased Salary and Fringe Benefit Costs

- (a) Incremental salary increases budgeted at about \$32,000. This includes funds for a potential Cost-of-Living Adjustment (COLA) as well as potential step and/or merit pay increases. Any incremental salaries not used will be returned to the Consortium.
- (b) Benefit costs increase by about \$20,000. This is by and large beyond our control. Included here is also \$10,000 for unemployment benefits, which will not be used unless necessary.

(2) HOME-related Increases

- (a) Overtime at about \$15,000. We are concerned about the impact of the new HOME program on staff work loads, especially the 0.5 FTE relocation assistance specialist. It is very possible that the relocation responsibilities could require three-quarter or even full-time work. We have no "track record" for this new program to be able to judge, but we need to be prepared. If the funds are not needed they will be returned to the Consortium.
- (b) County Prosecuting Attorney: \$20,000. The time spent on CDBG-related concerns has been charged on an incidental basis by the King County Prosecutor's Office. Given the new HOME program as well as the upcoming 1994-1996 interlocal agreements, this is no longer adequate. Housing and real estate related issues are of increasing importance in the County. The CDBG Program and the King County Housing Opportunity Fund (HOF) are cooperating to budget enough money between them (\$20,000 for CDBG, \$15,000 for HOF) to pay for the dedicated services of a 0.5 FTE County prosecuting attorney who can focus on these issues rather than trying to fit them in on an incidental basis.

In sum, the 1993 proposed administrative setaside is larger than 1992 primarily due to increased salary and fringe benefit costs and to the new responsibilities of the HOME program.

Line by line detail on the proposed budget follows, along with a discussion of the assumptions used to determine the individual line amounts.

1993 CDBG Administrative Budget by Expenditure Account

Account Number	Description	1991	1992	1993
		Actual	Budget	Proposed
		TOTAL	TOTAL	TOTAL
51110	Regular Salaries	433,345.79	433,095	478,692
51120	Extra Help	15,400.55	11,400	16,500
51130	Overtime	4,960.95	500	15,000
51140	Incremental Salary	0.00	0	32,090
51193	Loan in Labor	87.96	59,279	0
51100	SUBTOTAL - SALARIES	453,795.25	504,274	542,282
51315	Flex Benefit Combined Charge	40,506.28	42,240	54,005
51320	OASI (Social Security)	34,422.63	34,042	41,485
51330	Retirement	33,517.79	33,343	41,701
51331	Vacation/Sick Leave Payoff	1,625.15		0
51340	Industrial Insurance	1,113.04	1,358	1,652
51398	Loan In/Out Benefits	0.00	17,646	0
51370	Unemployment Compensation	N/A		10,000
51300	SUBTOTAL - BENEFITS	111,184.89	128,629	148,843
51000	TOTAL - SALARIES AND BENEFITS	564,980.14	632,903	691,125
52110	Office Supplies	3,317.15	5,432	4,000
52170	Copy Machine Supplies	495.56	350	600
52203	Housekeeping Supplies	3.04		0
52205	Food			0
52207	Photo Supplies	9.50	25	25
52210	Recreation Supplies	134.28		0
52212	EDP Supplies	3,352.51	1,500	6,000
52215	Publications	1,491.29	2,500	1,750
52290	Misc. Operating Supplies	16.76	500	600
52291	Telecom Supplies	414.41		0
52380	Other Minor Eqmpt/Small Tools	5,429.45	1,000	6,000
52390	Misc. Repair/Maintenance Supplies	7.44	500	100
52000	TOTAL - SUPPLIES	14,671.39	11,807	19,075
53104	Consulting Services	224.00	650	500
53105	Other Contract Services	3,312.77	2,300	4,000
53107	Auditing	16,855.81	20,000	20,000
53210	Telephone & Telegraph	12.00		0
53211	Telecom Services	9,155.12	9,389	9,800
53220	Postage	(586.10)	5,000	4,000
53230	Advertising	11,613.92	8,500	13,500
53310	Travel	7,406.88	5,000	7,500
53318	Private Auto Mileage	139.99	300	200

1993 CDBG ADMINISTRATIVE BUDGET (03-Apr-92)

1993 CDBG Administrative Budget by Expenditure Account

Account Number	Description	1991	1992	1993
		Actual	Budget	Proposed
		TOTAL	TOTAL	TOTAL
53320	Freight & Delivery Services	184.70		250
53530	Water	536.73	500	600
53620	Maintenance - Buildings	432.80		0
53630	Repair/Maintenance - Equipment	1,465.83	2,500	3,000
53710	Rent - Structures & Grounds	321.99	150	400
53770	Rent - Copy Machine	4,289.30	7,515	5,000
53790	Rent - Other Equipment & Machines	443.00	150	500
53803	Memberships	136.00	2,200	2,550
53806	Printing & Binding	147.43	500	350
53810	Training	7,720.91	6,470	8,000
53890	Misc. Services & Charges	894.51	2,300	2,000
53000	TOTAL - SERVICES	64,707.59	73,424	82,150
55010	Motor Pool	2,189.70	2,250	2,500
55032	Telecom Overhead	2,124.44	1,972	2,275
55150	Prosecuting Attorney	0.00	2,000	20,000
55201	OH Cost Allocation - Indirect			0
55260	County Printing	7,656.54	7,000	9,000
55331	Rent	28,035.75	32,000	28,750
55390	Misc. Services & Charges			0
55000	TOTAL - INTRACOUNTY	40,006.43	45,222	62,525
56720	Furniture			1,500
56721	Publications - \$500+ each	734.95		0
56730	Office Equipment			1,000
56731	Office Equipment Lease			1,000
56740	EDP Equipment/Software	5,788.70	4,000	10,688
56790	Misc. Machines/Equipment			1,000
56000	TOTAL - CAPITAL OUTLAY	6,523.65	4,000	15,188
57301	CAP Lease	644.63	1,400	0
57302	CAP Interest	29.83	400	0
57000	TOTAL - LEASE AND MAINTENANCE	674.46	1,800	0
59881	Salary Budget Savings	0.00	1,534	0
59895	Salary & Wage Contingency		1,534	0
59897	Social Programs Contingency		497	0
59000	TOTAL - CONTINGENCIES	0.00	3,565	0
GRAND TOTAL		691,563.66	772,721	870,063

DISCUSSION OF THE ASSUMPTIONS USED TO DETERMINE
1993 CDBG ADMINISTRATION BUDGET REQUEST

51000 Employee Services

1991 Actual:	1992 Budgeted:	1993 Request:
\$564,980.14	\$632,903	\$691,125

51110 Regular Salaries

The request is for 12.33 FTE, which is the same as 1992. The increase in total salaries is mainly due to the increase in the new flexible medical/dental benefit, incremental pay, and overtime.

51120 Temporary

Funds requested for temporary help in 1993 represent an increase from the 1992 budgeted amount to bring it more in line with 1991 actual experience. We depend on extra help to provide support to regular staff during certain peak times in our annual cycle, especially during the application review process and the contracting process. We also use Graphics extra help people for maps, publication covers, etc. The amount budgeted for this regular use of extra help is based on an average of \$15/hour for approximately 1,100 hours.

51130 Overtime (Clerical)

This is overtime worked by both the OT II and the Word Processing Technician, as well as the relocation specialist. The clerical overtime budget is being increased from 1992 in order to bring it in line with actual 1991 expenditures and for anticipated increase in workload for 1993. We are also anticipating using overtime to comply with the additional administrative requirements of the new HOME program, especially relocation assistance.

51140 Incremental Pay

This line item has been moved from the 59000 account in order for benefits to be calculated. We project a 1993 COLA of 4.5% (this projection will be adjusted if necessary during the County's regular budget cycle this summer and fall) estimated at \$22,216. Any future merit increases are estimated to be \$9,874 or a 2.0% increase.

51315 - 51370 Fringe Benefits

The various fringe benefit calculations reflect the following assumptions, which will be adjusted during the County's regular budget cycle this summer and fall:

- Flex Benefit Combined Charge: \$365/mo x 12 mo x 12.33 employees
- Social Security: 7.65% of regular salaries
- Retirement: 7.69% of regular salaries
- Industrial Insurance: \$110/yr x 12.33 employees
- Dental Insurance: Included in Flex Benefit Combined Charge
- Unemployment Compensation: \$10,000 (this line item has been moved from the 59000 Account)

The flex benefit combined charge is estimated to increase by \$13,500, a 33% increase from 1991 actual expenditures.

**52000
Supplies**

1991 Actual:
\$14,671.39

1992 Budgeted:
\$11,807

1993 Request:
19,075

The request for supplies is an increase from the 1992 budget. The individual line items are detailed below:

52110 Office Supplies

The 1993 request represents a decrease from 1992 to bring it more in line with actual expenditures in 1991.

52170 Copy Machine Supplies

The request is an increase from the 1992 budget which is more in line with actual expenditures in 1991.

52207 Photo Supplies

This is a small request for film supplies, etc. (we often need pictures of CDBG projects).

52212 Electronic Data Processing Supplies

The request is an increase from 1992. We will have a continuing need for additional EDP supplies, e.g., discs, etc., as staff increase their use of computers to facilitate their work.

52215 Publications

The 1993 request reflects the following publications:

CD Digest	\$309
Housing Affairs	297
CD/Housing Register	329
Seattle P.I.	78
Journal American	66
Seattle Times South End Edition	99
Inside MS-DOS	22
Inside Word	60
Miscellaneous Publications (includes government documents available through CD Digest, technical manuals, books on CD/Housing topics, etc.)	490
	<u>\$1,750</u>

52290 Miscellaneous Supplies

There are certain miscellaneous supplies (maps, typewriter supplies, etc.) that have been charged to this line in the past and for which we anticipate a continuing need. Included are household and telecom supplies which were charged to other line items in 1991.

52380 Other Minor Equipment/Small Tools

The requested funds represent an increase from 1992 based on actual expenditures in 1991. Funds will be used for file cabinets, book cases, furniture, and other equipment which are less than \$500 a piece.

52390 Miscellaneous Repair/Maintenance Supplies

This is a request for supplies such as a power strips, extension cords, batteries, etc.

53000 Services/Other

1991 Actual:	1992 Budgeted:	1993 Request:
\$64,707.59	\$73,424	\$82,150

The 1993 request for services and other charges is higher than the 1992 budget, primarily due to an increase in advertising and phone expenses. Detail on all line items follows:

53104 Consulting Services

This is a request for a consultant to conduct in-service staff training.

53105 Other Contract Services

The 1993 request is an increase based on 1991 actual expenditures. Professional typing help provides typing support during emergency leaves, vacation, and sick leave, as well as during times of especially heavy workloads.

53107 Auditing

The 1993 request is a status quo request. This line item is somewhat difficult to project. It assumes approximately \$45/hour for about 444 hours. The audit for the entire King County Consortium (the County plus 26 Cities) is a federal requirement. The State Auditor usually programs about 147 hours for internal (King County) CDBG activities; the balance is for the Consortium Cities, for which the State Auditor also adds a mileage charge.

53211 Telecom Services

Telephone costs are approximately \$51/month for 16 lines which is a 7% increase over 1992. SCAN costs and overhead are included in line item 55032, Telecom Overhead.

53220 Postage

The 1993 postage request is less than budgeted in 1992, but an increase from actual 1991 expenditures of about \$2,500 to anticipate increased postage for the HOME program. The 1991 line item shows a credit due to the fact that postage for 1991 was charged from 1990 unexpended funds and returned to the 1991 budget.

53230 Advertising

The 1993 request represents an increase over the 1992 budget based on 1991 actual expenditures and anticipated increase in advertising required for the new HOME program and increased rates. HUD has raised its standards regarding publication of the CDBG "Proposed Statement." The Proposed Statement now includes the name and address of each project with a brief description which has greatly increased the cost of advertising.

HUD Requirements:	
Citizen Participation (includes Environmental Review)	\$3,000
Notice of Availability of Funds/Applications	500
Proposed Statement	8,000
Final Statement (also includes any amendments to Final Statement)	1,000
Grantee Performance Report	500
Comprehensive Housing Affordability Strategy	500
	<u>\$13,500</u>

HUD requires that we advertise in a general circulation paper, minority papers, and where appropriate, community papers. We try to use the press release format to save costs; however, certain items require display ads.

53310 Travel

This is an increase over 1992 which is more in line with 1991 actual expenditures. We will make four trips to national conferences: three trips to National Association of Counties (NACo) activities and one National Association of Housing and Redevelopment Officials' (NAHRO) trip. We also expect four trips within the Northwest.

Direct participation with NACo and NAHRO is a necessary part of the CDBG Program. NACo holds many conferences, several of which are especially important to the CDBG Program -- the annual Community Development Conference and the annual Legislative Conference. The Community Development Conference provides valuable programmatic information which is important in the administration of a responsible and effective CDBG program; the Legislative Conference provides policy and budgetary information. NAHRO also holds a legislative conference to propose policy/platforms specifically on housing to present to Senate and House Committees. Participation supports our efforts in affordable housing. More importantly, this is a time when organized and coordinated County efforts are needed to influence statutory and regulatory requirements. Over the last several years we have been effective in influencing the direction of these associations to bring more federal money into the County.

The four Northwest trips would include such things as HUD Conferences or NWACDM meetings in Portland or visits to other entitlement counties for programmatic and computer information, etc. They may or may not include overnight accommodations.

Travel expenses are estimated as follows:

National Conferences:

Air Fare	\$500	
Conference Registration	300	
Lodging	450	
Food	100	
Other	<u>50</u>	
	\$1,400	x 4 = \$5,600

Northwest Conferences

Travel (airfare, auto) conference registration, lodging (if needed), food, and other are estimated at \$500 each x 4		<u>2,000</u>
		\$7,600

53318 Private Auto Mileage

This is a reduced request more in line with 1991 actual expenditures.

53320 Freight and Delivery Services

This is a reinstated request for delivery services that reflects 1991 actual expenditures.

53530 Water

This is a slight increase for spring water (drinking water). It assumes approximately seven bottles of water per month.

53630 Repair/Maintenance - Equipment

This is a slight increase from 1992 which includes the cost of repair and maintenance of all electronic typing systems, new computer equipment, and postage meter.

53710 Rent - Outside

This is for the occasionally necessary rental of meeting rooms.

53770 Rent - Copy Machine

This is a reduced request from 1992. It assumes 125,000 copies at 4 cents/copy for the main copier.

53790 Other Equipment Rental

This request is an increase from 1992 which is more in line with 1991 actual expenditures. The rental of the water stand is charged to this line item.

53803 Memberships

This is a slight increase which reflects higher rates and the elimination of one membership. It includes the following memberships:

<u>Organization</u>	<u>Cost</u>	<u>Benefits of Membership</u>
o National Association for County Community and Economic Development (NACo affiliate)	\$2,150	Receive mailings, credit for registration at conferences, access to data bases, policy information and analysis on community development and housing issues.
o National Association of Housing and Redevelopment Officials (NAHRO)	\$300	Mailings, policy analysis on housing issues, discounts on conference registration fees, subscription to monthly newsletter and quarterly journal. Technical assistance and legislative information provided on request.
o Puget Sound Chapter NAHRO	\$50	Discount on quarterly chapter meetings and annual regional meetings; quarterly newsletter.
o Northwest Association of Community Development Managers (NWACDM)	\$50	Convene to discuss effects of federal policy on Northwest; receive mailings.

53806 Printing and Binding (outside only)

This is a decrease from 1992, funds will be used for covers for various reports, miscellaneous forms, etc.

53810 Training

This request is an increase over 1992 which is more in line with actual expenditures in 1991. It reflects training for all ten of the staff who are funded totally by administrative setaside funds.

- o Computer training - ten people at \$200/person

We are basing our estimate on average course fees, as evidenced in the computer training contract that King County has with Catapult.

Ongoing computer training will be necessary in 1993 to develop increased proficiency and accommodate updates to our application software (R BASE, Lotus, and Word). Ongoing training will be necessary in order to make full use of the software capabilities as staff increase their utilization to facilitate their work.

- o Professional and Staff Development Courses - ten people at \$250/person

Examples of courses are: contract preparation and management, improving writing skills, public speaking and time management. Experience shows these average from \$50-500 per person. Staff will be selected to attend professional courses based on area of concentration (i.e. contracts versus policy) and performance evaluations (i.e. staff needing writing skills improvement).

- o Conferences - ten people at \$350/person

This is the maximum allowable for staff to attend local conferences, trainings related to HOME, CDBG, and local policies.

53890 Miscellaneous Services

The request is a decrease from 1992 which is more in line with 1991 actual expenditures. Included are costs for film developing and interpretation/translation. New HUD citizen participation requirements include having interpreters at public meetings where appropriate. We generally hold about four public meetings. Experience has shown that costs could be as high as \$250 per meeting, but are usually substantially less. The budgeted amount would be enough for two meetings at the high amount.

55000 Intra-County

1991 Actual:	1992 Budgeted:	1993 Request:
\$40,006.43	\$45,222	\$62,525

The request for intra-county support reflects an increase from 1992. Detail on individual line items follows:

55010 Motor Pool

The 1993 request is a slight increase but closely reflects the actual expenditures in 1991. The trips are for HUD-required citizen participation/ program development, site visits to applicants, project monitoring and administration, and miscellaneous CDBG administration related trips.

55032 Telecom Overhead (PNB, AT&T, SCAN)

This is an overhead charge of 23% of telephone costs, line item 53211, Telecom Services. Also included in this charge are SCAN costs and overhead.

55150 Prosecuting Attorney

This is an increased request from 1992 to help pay for a 0.5 FTE prosecuting attorney. The prosecuting attorney will review contract language, deeds of trust, and other CDBG/HOME documents, and provide legal advice on the interpretation of federal regulations, state law, etc. It is anticipated that with the new HOME program, at least 0.5 FTE prosecuting attorney will be needed.

55260 County Printing

This is a slight increase over 1992 which is more in line with 1991 actual expenditures. It reflects the following estimates:

Letterhead	\$600
Envelopes	300
Postcards (citizen participation)	100
Executive Proposed CDBG Program Document	1,500
Comprehensive Housing Assistance Strategy	1,500
Executive Adopted CDBG Program Document	1,500
Quick Copy of miscellaneous items, such as:	
- Policy Plan, proposed and adopted	
- Application materials	
- Contracting materials	
- Grantee Performance Report	<u>3,500</u>
	<u>\$9,000</u>

55331 Office Rent

Based on 3,282 square feet at weighted average rate of \$9.75/sq ft. Despite a rate increase, this is a slight reduction from 1991 due to reorganization of work space.

56000 Capital Outlay

1991 Actual:	1992 Budgeted:	1993 Request:
\$6,523.65	\$4,000	\$15,188

56720 Furniture

This is a new request to purchase furniture which is over \$500 a piece, such as desks, file cabinets, etc.

56721 Publications - \$500+ each

This has been moved to account 56790 Miscellaneous Machines/Equipment.

56730 Office Equipment

This is a new request for a fax machine dedicated to the CDBG Administration. Currently, our section shares a fax machine with four other sections on another floor and our transmissions have been delayed or not transmitted due to the high volume of use.

56731 Office Equipment Lease

This is the lease for the postage meter which was moved from the 57000 account. This represents a decrease from 1992 which is more in line with 1991 actual expenditures.

56740 Electronic Data Processing Equipment/Software

This is an increased request from 1992 to add additional/replacement computer equipment and software. It reflects the following estimates:

HP Deskjet II	\$1,500
Sharing Device	438
Cable (3)	150
Network Wiring (6)	1,200
Interface Cards (3)	1,500
PC Work Station (2)	4,900
Increase RAM	300
Modems (2)	400
DOS 5.0 Upgrade	<u>300</u>
	\$10,688

56790 Miscellaneous Machines/Equipment

This request includes a subscription to the Housing Reporter budgeted at \$735.

57000 Debt - Lease Payments

1991 Actual:	1992 Budgeted:	1993 Request:
\$674.46	\$1,800	0

57301 - 57302 Capital Lease; Interest

This account has been moved to 56731.

A201 (4/3/92)

ATTACHMENT C

THE 1993 CDBG POLICY PLAN

The Consortium's Community Development Block Grant (CDBG) Policy Plan is updated annually. In the course of updating the 1993 CDBG Policy Plan, Planning and Community Development Division (PCDD) staff have discussed various issues with both the Consortium Cities and the public. PCDD held a public meeting on March 26, attended primarily by human service providers and agencies interested in community facilities, to discuss the Policy Plan in general. In addition, on March 18 PCDD staff met with the Small Cities staff to discuss public improvements. PCDD staff have also been meeting regularly with many of the Pass-through Cities staff to discuss the new HOME Program, and have addressed CDBG issues in that context. CDBG-related housing issues have also been discussed with nonprofit housing developers at the public meetings held for the HOME Program on March 24 and 25.

Two Minor Changes to Consortiumwide Policies

The Executive is proposing two minor changes to the Consortium's 1993 CDBG Policy Plan. Policy A.4 is modified slightly and Policy A.9 is a new policy.

- (1) Policy A.4: Legally Binding Public Interest in CDBG-Assisted Property. HUD requires that facilities acquired, constructed or improved with CDBG funds be "publicly owned" and that the CDBG public interest be protected. In order to fulfill these requirements, all CDBG recipients (including public entities, except for Consortium Cities, whose commitment is secured through the CDBG Interlocal Cooperation Agreement) receiving more than \$10,000 must be both able and willing to establish a legally binding public (CDBG) interest in the facility for a period of time commensurate with the CDBG commitment. The public (CDBG) interest will be secured through a lien on the property recorded as a deed of trust, and a promissory note explaining the sale and change of use provisions that will accompany the CDBG-assisted real property. Applicants should include funds for an appraisal in their proposed budgets.

For non-housing projects, the period of time for which a deed of trust will be established will depend upon the amount of CDBG funds committed: \$10,001 to \$75,000 - 7 years to the month from project completion; \$75,001 to \$105,000 15 years to the month from project completion - \$105,001 to \$150,000 - 20 years to the month from project completion; \$150,001 or more - 25 years to the month from project completion. For housing projects, the period for which a deed of trust will be established will be consistent with the stipulations of the HOME Program Policies (emphasis added).

The number of years for which a CDBG-assisted housing project is restricted from changing use is proposed to be changed in order to make it consistent with HOME-assisted housing projects. Under the HOME policies, the length of term of the restriction on change of use is 20 years.

There is no change being proposed for other kinds of CDBG-assisted projects, such as senior centers.

- (2) Policy A.9: Use of CDBG Funds to pay Non-CDBG Project-Related Relocation Costs: In general, project sponsors should follow the guidelines established by the other public fund source(s) as to procedures and benefit amounts, and pay relocation costs from the other funds source(s) to the extent possible. If additional funds for relocation are needed (e.g., if the other fund source requires a certain level of benefits but only pays for a portion of the costs), then CDBG funds may be used to make up the difference.

Specifically, King County Consortium CDBG funds may be used to pay relocation costs to tenants displaced by an otherwise non-CDBG-assisted housing project only in limited circumstances:

1. The housing project must be located within King County Consortium areas; and
2. The housing project must be supported by some other public fund source which is contributing toward the payment of relocation costs to the maximum extent feasible (e.g., at least 50% of McKinney Act dollars); and
3. The grantor of the other public funds (e.g., not the King County CDBG Program) must assume responsibility for providing all necessary guidance or technical assistance to their grantee (the project sponsor) in determining their fund source's relocation requirements and benefit amounts; and
4. The relocation benefit(s) will be paid directly to the displaced person(s) rather than to the project or the project sponsor, upon certification by the sponsor that the amount due is correct and true.

Applicants are cautioned that this means that if the other fund source is a federal source, King County will assume no responsibility in assuring that the Uniform Act requirements are met. That is a matter between the project sponsor and the grantor which provided the federal funds for the project, not the King County CDBG Consortium which, in this case, is providing no funds for the project itself.

This is a new policy designed to guide the program in situations which are becoming more frequent: Nonprofit housing developers using non-CDBG public funds have been seeking assistance from the CDBG Program to provide: (1) guidance on relocation procedures to be followed when persons are displaced from their existing housing due to the housing development project, and (2) funding for relocation benefits to these displaced persons.

In situations like this, CDBG assistance is optional. If we are to assist at all, federal regulations require us to adopt a policy ensuring consistency when dealing with these optional situations. In addition, we are very concerned that the use of CDBG funds may in fact trigger the federal relocation requirements, as well as federal wage rates and other requirements, for which the CDBG Program would then be liable for enforcement and monitoring.

The proposed policy seeks to limit this liability. It will avoid the triggering of other CDBG-related requirements for the housing developer, and will avoid making the CDBG Program responsible for the entire project.

A More Significant Change to a County and Small Cities Fund Policy

Another change being proposed by the Executive is more significant, but it affects only the Local Program Policies for the County and small Cities Fund. It does not affect the Consortiumwide aspects of the CDBG Policy Plan, nor does it affect the Pass-through Cities' funds.

Briefly, the proposed change relates to how subrecipient housing development projects are funded in the County and Small Cities Fund. The Executive is proposing that the County and Small Cities Fund not allocate CDBG dollars to specific subrecipient housing development projects during the County's regular CDBG process (i.e., the budget process), but that the County instead simply reserve a portion (\$400,000) of the CDBG dollars during the budget process for housing development in general. Specific projects would be selected later in the winter, after a combined housing pre-application and Request For Proposal (RFP) process that includes not only the King County Housing Opportunity Fund (HOF) but the Consortium's Emergency Shelter Grant (ESG) Program and HOME Investment Partnerships Program, which is the new federal program whose funds must be matched. The project selection process for CDBG housing projects would be the same as the HOF project selection process. (Please note that for the Consortium's funds, a similar project selection process is being proposed, except that there will be Consortium representation in the process.)

In other words, the County would solicit CDBG County and Small Cities Fund housing proposals along with other housing proposals during a combined housing programs application cycle in the fall, rather than along with non-housing CDBG proposals during the County's summer CDBG cycle.

There are several reasons why this proposed change to a single combined County housing programs application cycle makes sense:

- (1) Potential CDBG housing projects will be considered in the context of other housing projects. CDBG housing dollars are similar to, but different from, either HOF, ESG, or HOME Program dollars in terms of what they can be used for. It makes sense not only to continue using some of the CDBG dollars for housing (we have used an average of \$373,000 in recent years), but also to evaluate proposals and allocate these dollars in the context of the other housing programs, rather than in the context of the rest of the County and Small Cities CDBG Program, which is non-housing related.

- (2) Housing projects will be considered in the context of a full range of potential funding sources. Even taken in total, the region's housing resources are still extremely limited, and are made up of a patchwork quilt of different fund sources. Each of these fund sources has its own set of requirements and prohibitions; what may be one source's prohibition may be another's requirement. It makes sense to maximize the efficient and effective use of these scarce resources by considering housing proposals in the context of a full range of available fund sources, some of which may be more or less appropriate for different projects.
- (3) A combined cycle is less burdensome for applicants. Up to now, each of the County's fund sources has had its own application process. Even with technical assistance from staff, it has essentially been the applicants' responsibility to decipher a bewildering array of requirements and prohibitions in order to select the most appropriate fund source from the patchwork quilt and apply for it. Some have simply applied for any and every source, making the filling out of applications a near full-time job. This is not an efficient use of the applicant's staff time. The proposed change will mean that applicants need only fill out one application for several sources of funds. It also means that County staff, whose job it is to know the different fund sources' requirements, will bear more responsibility in making sure that the project gets the right funds or mix of funds to accomplish its goals.
- (4) A combined cycle makes more efficient use of County staff. With separate application processes for separate sources of funds, County staff have found themselves reviewing the same proposed project several times during the year, and against different fund source's criteria each time. This is not an efficient use of staff time. The proposed change will mean that applications are reviewed once, and all fund sources are considered at that time. This more efficient use of staff time is particularly important now, with the advent of the new federal HOME Program. The King County Consortium wants to administer this program with existing CDBG staff levels.

Public Response

PCDD staff have discussed this proposed change toward a combined housing application process with potential applicants at the HOME public meetings. Their response was mixed. While they could see definite advantages, they also noted a potential disadvantage from their point of view: one combined application cycle means only one "shot" at the funds. For some, this was a minor consideration and the advantages outweighed it. For others, having several "shots" at receiving funds was worth the effort of filling out several applications per year. In general, however, this idea did not provoke strong feelings either way, possibly because CDBG housing dollars are not as significant (in terms of both quantity and range of allowable uses) as the HOF and HOME dollars.

The entire text of the Executive Proposed 1993 CDBG Policy Plan follows. It includes the Local Program Policies for the County and Small Cities Fund, but the Pass-through Cities are still preparing their Local program Policies. These will be added when their Councils adopt them.

JPC113 (4/15/92)

Executive Proposed
1993
King County
Community Development Block Grant
Consortium Policy Plan

1993
King County
Community Development Block Grant
Consortium Policy Plan

Tim Hill
King County Executive

Adopted by the Joint Policy Committee
April, 1992

JOINT POLICY COMMITTEE

Betty Aman, Councilmember, City of Algona
Brian Derdowski, King County Councilmember
Larry Phillips, King County Councilmember
Ava Frisinger, Councilmember, City of Issaquah
Craig Larsen, Deputy Director, Parks, Planning and
Resources Department, representing King County Executive Tim Hill
Jon Johnson, Councilmember, City of Kent

KING COUNTY COUNCIL

Audrey Gruger, Chairperson, District 1
Cynthia Sullivan, District 2
Brian Derdowski, District 3
Larry Phillips, District 4
Ron Sims, District 5
Bruce Laing, District 6
Paul Barden, District 7
Greg Nickels, District 8
Kent Pullen, District 9

This Plan was prepared by:

Jim Reid, Manager, Planning and Community Development Division
Linda Peterson, Chief, Community Development Section
Eileen Bleeker, Lead CDBG Planner
Casey O'Connor, PC Systems Specialist
Joyce Stahn, Lead Technical Assistant
Vince Tom, Housing Development Specialist
Jacqueline Toma, CDBG Planner
Eric Wilcox, Contract Compliance Specialist

1993

King County Community Development Block Grant Consortium

Policy Plan

King County, Washington
in consortium with:

Algona
Beaux Arts
Black Diamond
Bothell
Carnation
Clyde Hill
Des Moines
Duvall
Enumclaw
Hunts Point
Issaquah
Kent
Kirkland
Lake Forest Park
Medina
Mercer Island
Normandy Park
North Bend
Pacific
Redmond
Renton
SeaTac
Skykomish
Snoqualmie
Tukwila
Yarrow Point

EXECUTIVE SUMMARY

This is the King County Community Development Block Grant (CDBG) Consortium's Policy Plan for the 1993 program year. It includes the funding policies for approximately \$6 million in federal CDBG funds that the King County CDBG Consortium expects to allocate in 1993. The Consortium includes King County and most of the suburban cities. It does not include Seattle, Auburn, Bellevue, or Federal Way.

Part I outlines the federal objectives and basic regulations governing the CDBG program. Chapter 1 focuses on the types of activities which are eligible for CDBG funding, on the national objectives (e.g., serving low- and moderate-income people and neighborhoods), and on eligible recipients. These are the threshold requirements for any CDBG proposal.

Part II is an overview of the King County CDBG Consortium's policies.

- o Chapter 2 describes the organization of the King County Consortium, and explains that some funds are available for the County to allocate and other funds are available for various cities to allocate. This information will help guide applicants in their selection of the appropriate jurisdiction to which to apply for funds. This part also describes the Consortium's decision-making process and provides key dates for applicants and decision makers. Please refer especially to the program planning calendar on page 19 and 20.
- o Chapter 3 contains the policies governing the various Consortium partners' planning and management of their funds. These policies are of importance to the cities which are partners with King County in the CDBG Consortium, especially the larger cities which receive a straight "pass-through" of funds. They are of less interest to potential applicants.
- o Chapter 4 provides the Consortiumwide policies for all proposals, which should be of great interest to all applicants. This is the first of two "layers" of proposal guidelines in the King County Consortium. This first layer is Consortiumwide, and includes policies developed over the years by the Consortium's Joint Policy Committee.

Part III contains the second layer of policies, called the Local Program Policies. These are specific to the fund to which the applicant is applying.

- o Chapter 5 contains the Local Program Policies which explain the funding priorities for the County and Small Cities fund, for which applicants will apply to the County.
- o Chapter 6 provides the Local Program Policies for each of the Pass-through Cities' funds. Applicants with projects serving residents of the following Pass-through Cities must apply directly to them: Bothell, Des Moines, Enumclaw, Issaquah, Kent, Kirkland, Mercer Island, Redmond, Renton, SeaTac and Tukwila.

1992 KING COUNTY CDBG CONSORTIUM POLICY PLAN

TABLE OF CONTENTS

	<u>Page</u>
Introduction	1
PART I. FEDERAL REQUIREMENTS	
Chapter 1. Federal Objectives and Regulations for the CDBG Program:	
The Threshold Requirements	5
Eligible Activities: Threshold #1	5
National Objectives (Benefit Criteria): Threshold #2	7
Eligible Recipients: Threshold #3	12
PART II. THE KING COUNTY CDBG CONSORTIUM POLICIES	
Chapter 2. Organization of the King County Consortium	15
The County and Suburban Cities are Consortium Partners	15
Distribution of Funds among Consortium Partners	15
o The Administration Setaside	16
o The Pass-through Cities Funds	16
o The County and Small Cities Fund	16
Decision Making	17
The 1993 Program Planning Calendar: Important Dates	19
Citizen Participation	20
Citizen Participation Schedule for the 1993 Program	21
Chapter 3. Consortium Partners' Fund Policies	23
Limitation on Public Service Expenditures	23
Limitation on Planning and Administration Expenditures	24
Program Income	24
Recaptured Funds	25
Housing Repair	26
Miscellaneous Fiscal and Administrative Policies	26
Chapter 4. Consortiumwide Policies for All CDBG Proposals	27
Consortiumwide Policies	27
Consortiumwide Resource Persons	33

PART III. LOCAL PROGRAM POLICIES

Chapter 5. The County and Small Cities Fund: Local Program Policies 39

- Allocation of County and Small Cities Funds: Earmarks 39
- Eligible Geographic Areas 39
- General Guidelines for County and Small Cities Fund Proposals 44

Specific Policies by Activity Category 45

- o Housing Development Proposals 45
- o Public (Human) Service Proposals 46
- o Community Facility Proposals 48
- o Public Facility or Improvement Proposals 51
- o Continuing Countywide Programs: Housing Repair and
Economic Development 53

Chapter 6. The Pass-through Cities Funds: Local Program Policies 57

Appendix I Other Funding Sources

- o King County Housing Opportunity Fund 59
- o Emergency Shelter Grant Program 60
- o Community Development Interim Loans (CDIL) Policies 61

INTRODUCTION

Each year King County receives federal Community Development Block Grant (CDBG) funds under the Housing and Community Development Act of 1974, as amended. This Policy Plan will address the federal requirements for the CDBG program, as well as the policies of the King County Consortium and its participating jurisdictions for the upcoming 1993 CDBG program year, for which funds will become available in January 1993.

This policy plan and the application form (available in early May of 1992) provide the necessary information for potential CDBG applicants.

King County estimates that it will receive about \$4.859 million in 1993 CDBG funds and over \$1 million in program income and recaptured funds to distribute among the partners of the King County CDBG Consortium (the Consortium). The Consortium is comprised of twenty-six cities and towns and the unincorporated areas of King County.

The cities of Seattle, Bellevue, Federal Way and Auburn are not currently part of the King County CDBG Consortium. These cities receive their own CDBG entitlements from the federal government, and operate programs independently of the King County Consortium. This Policy Plan does not address these independently-administered programs.

PART I.

FEDERAL REQUIREMENTS

CHAPTER 1

FEDERAL OBJECTIVES AND REGULATIONS FOR THE CDBG PROGRAM:

THE THRESHOLD REQUIREMENTS

The United States Congress has made CDBG funds available to provide needed housing, capital improvements, community facilities, and critical public services to improve living conditions in neighborhoods and communities where low- and moderate-income people live.

Federal goals for the use of CDBG funds are:

- o Maintain and upgrade current housing and provide new housing for people with low-and moderate-incomes.
- o Eliminate conditions causing health, safety and public welfare problems.
- o Aid public services that improve the communities in which low- and moderate-income people live.
- o Use land and other natural resources better.
- o Reduce isolation of income groups, promote diversity and vitality in neighborhoods.
- o Restore and preserve historic buildings and other properties of special value to a community.
- o Reduce physical and economic distress through the stimulation of private investment.

The United States Department of Housing and Urban Development (HUD) is the federal agency responsible for administering the CDBG Program consistent with the intent of the Congress. HUD has developed two basic sets of requirements to determine if a proposal may be assisted with CDBG funds -- eligible activities and national objectives (benefit criteria). These two requirements, in addition to the criteria for being an eligible recipient of CDBG funds, are considered the three basic threshold requirements.

Applicants are cautioned that, to avoid wasted effort, they should carefully review the three basic threshold requirements. All three must be satisfied in order for King County to even begin to consider a CDBG proposal for funding.

Eligible Activities: Threshold #1

To be considered for funding, a CDBG proposal must be an eligible activity under the federal CDBG regulations. A variety of activities serving low- and moderate-income people are eligible. Below are summaries of the most common types of eligible activities and any special requirements or limitations that apply.

Please be aware that King County may have priorities within each of these categories of federally eligible activities; see Part III for King County's Local Program Policies.

- o Acquisition -- Acquisition of real property in whole or in part by public agencies or private nonprofits is eligible. The acquisition may be by purchase or long-term (15 years) lease, and must be for a public purpose.

- o Relocation -- CDBG funds may be used for relocation payments and assistance to individuals, families or businesses displaced permanently or temporarily by a CDBG project. All CDBG proposals that may cause displacement must include relocation assistance in the project plan and budget. Refer to the King County Consortium's displacement policies in Chapter 4 of this Plan.
- o Special Needs Housing/Shelter -- Acquisition, renovation, or construction of housing units or facilities to provide emergency shelter or housing for groups with special needs is eligible.
- o Community Facilities -- CDBG funds can be used for acquisition, design, construction, or rehabilitation of community centers which house programs serving low- and moderate-income groups.
- o Public Facilities or Improvements -- Several types of public improvements are eligible:

Environmental Quality -- CDBG funds may be used to acquire land for and to design, construct or reconstruct water and sewer projects, flood and drainage facilities, and solid waste disposal facilities. Environmental quality projects must serve existing low-and moderate-income neighborhoods and communities. Please note that there are special restrictions on assessments (see page 29).

Park, Recreation, Open Space -- Eligible park and recreation projects include acquisition, design, site preparation, drainage, construction or rehabilitation of parks or recreational facilities. Any park equipment must be permanently affixed, or it is not eligible.

Streets, Walkways and Architectural Barriers -- CDBG funds may be used for street improvements such as curb and roadside drainage; purchase and installation of traffic signals; construction of walkways and crosswalks, neighborhood roads, parking lots, and pedestrian malls; and the removal of architectural barriers that bar the handicapped and elderly and limit their mobility within the public right-of-way.

Fire Protection -- Eligible fire protection activities include acquisition, design, construction or rehabilitation of fire protection facilities, and purchase of fire protection equipment.

- o Public (Human) Services -- CDBG funds may be used to support or provide critical human services, such as emergency food and shelter, for low- and moderate-income people. HUD limits the amount of CDBG funds which the King County Consortium can spend for public services to 15% of the annual entitlement amount. HUD also has a supplanting rule which prohibits CDBG funding of public service projects which have been funded with local government funds within the previous 12 months (e.g., those which have been funded with King County current expense or a suburban city's general fund).

This category of CDBG funds is highly competitive due to limited funds. Please refer to King County's Local Program Policies in Part III for the types of public services that will be provided with the County and Small Cities funds. Pass-through cities have established their own priorities for their share of the public service funds; please refer to Chapter 6 for the Pass-through Cities Local Program Policies.

- o Rehabilitation -- Publicly or privately owned single and multifamily housing units, commercial buildings and other non-residential structures are eligible for CDBG assisted rehabilitation. Energy conservation improvements and removal of architectural barriers are eligible rehabilitation activities, as is the cost of connecting residential structures to available water and sewer lines. Historic preservation activities are also eligible. Rehabilitation assistance can be provided in the form of grants, loans, loan guarantees or interest supplements.

King County and several of the larger suburban cities have already established housing rehabilitation programs. If you are seeking a home repair loan or emergency grant, please call the Housing Hotline at 296-7640.

- o Economic Development -- Private for-profit businesses may be eligible for CDBG assistance, if such federal assistance is judged necessary and appropriate. The business must be able to document either that (1) it will create or retain permanent jobs, primarily for low- and moderate-income people; or (2) it is a commercial business which serves a predominantly low- and moderate-income neighborhood or community.

CDBG assistance may be in the form of a low-interest loan rather than a grant. King County has established an Economic Development Program which provides technical assistance and low-interest loans to qualifying businesses. Please call 296-7605 for more information.

Please note that King County and the Pass-through Cities have specific local policies and priorities regarding the above basic list of federal eligible activities. Please refer to Part III.

The following activities are not eligible for CDBG funding:

- o New Residential Housing Construction -- CDBG funds generally cannot be used to construct new residential housing units, although activities in support of new housing construction may be eligible. Please note that group homes and shelters are not considered residential housing.
- o Regular Government Operations -- CDBG funds cannot be used to fund the ongoing responsibilities of general local government.
- o Government Buildings -- Government buildings such as city halls, police stations, jails and other buildings used predominantly for the general conduct of government are not generally eligible for CDBG assistance. A major exception is rehabilitation to remove architectural barriers, which is eligible even in government buildings.
- o Income Payments -- CDBG funds cannot be used for income payments such as payments for income maintenance, housing allowances, down payments or mortgage subsidies.
- o Political Activities -- CDBG funds cannot be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities.

National Objectives (Benefit Criteria): Threshold #2

In addition to requiring that each activity assisted with CDBG funds be one of the eligible activities listed above, federal law requires King County to ensure and maintain evidence that each activity also meets one of the national objectives; specifically, a CDBG activity must either 1) principally benefit low- and moderate-income persons, or 2) reduce or prevent slum and blight. The vast majority of King County's CDBG activities are designed to benefit low- and moderate-income persons.

The following list outlines the ways in which CDBG projects can meet a national objective.

- I. Benefit to low- and moderate-income persons
 - A. Area Benefit
 - B. Limited Clientele
 1. Presumed Benefit
 2. Agency Requires Client Information
 3. Income Eligibility Requirement (Direct Benefit)
 4. Nature/Location

- 5. Removal of Architectural Barriers
- C. Housing Activities (Residential)
- D. Job Creation or Retention
- II. Reduce or Eliminate Slum or Blight
 - A. Area Basis
 - B. Spot Basis

A description of each of the above ways that potential applicants may be able to demonstrate whether their proposed CDBG activity addresses one of these national objectives follows.

I. Benefit Low- and Moderate-Income Persons

To meet this national objective, an applicant must document that the proposed project will benefit predominantly low- or moderate-income persons. A low- to moderate income person is one whose annual household income does not exceed 80% of the median income for households in King County. Table 1 below shows low- and moderate-income limits by household size.

TABLE 1

**KING COUNTY CDBG CONSORTIUM
1991 LOW AND MODERATE INCOME LIMITS BY HOUSEHOLD SIZE**

	<u>Persons Per Household</u>							
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
Moderate Income	\$24,600	28,100	31,600	35,100	37,300	39,500	41,700	43,900
Low Income	\$15,350	17,550	19,750	21,950	23,700	25,450	27,200	28,950

¹ These income guidelines are an estimate. The Agency will be provided updated income limits during the 1993 contracting process.

There are several different ways that CDBG activities can benefit low- or moderate-income persons:

A. Area Benefit

This is defined as an activity, the benefits of which are available to all residents in a particular area, where at least 51% of the residents are low-and moderate-income persons. In addition, the area must be primarily residential.

Examples of area benefit activities include parks, water and sewer projects, sidewalks and streets, and other public improvements which are available to all residents in a particular area.

Applicants must:

1. **attach a map with the boundaries of the project's service area delineated (the surrounding geographic area in which all or most of the people benefiting from the project reside);**
2. **explain why that particular delineated area is the service area for the project;**
3. **indicate on the map residential and commercial areas within the service area boundary; and**
4. **provide documentation that 51% or more of the residents within the service area are low-and moderate-income persons.**

Many areas having concentrations of low- and moderate-income residents in unincorporated King County and the small cities have already been identified.

Please see the Local Program Policies in Part III for a map and a description of these areas, called "Community Development Areas" or CDAs. Depending on the project's service area, a project in a primary CDA is likely to be eligible, and a project in other CDA's may also be eligible. If you need

more specific or smaller scale information, the Community Development Section has 1980 Census data showing the percent of low- and moderate-income households by block group. **Community Development Section staff can assist in defining project areas, in determining if proposed area benefit projects would principally benefit low-and moderate-income persons and in determining percentages of low- and moderate-income residents in the proposed area according to available data. Please call 296-7540 for assistance.**

B. Limited Clientele

This is defined as an activity which benefits a limited clientele, at least 51% of whom are low- or moderate-income persons. There are five types of limited clientele activities.

1. **Presumed Benefit.** The activity may benefit one of the following groups who are presumed by HUD to be principally low- and moderate-income: abused children, battered spouses, elderly persons, handicapped persons, homeless persons, illiterate persons, and migrant farm workers.

Applicants must: Demonstrate that the facility or service is designed for and used predominantly by one of the above groups. There is no need to provide income information because HUD will presume that members of the above groups are predominantly low-and moderate-income, unless there is evidence to the contrary.

2. **Agency Requires Client Information Which Shows 51% or More Are Low-and Moderate-Income.** For example, community health clinics and many other agencies must keep information on client income and family size for a variety of programs. This information will be able to document whether or not 51% or more of the clientele are persons whose family income does not exceed the low- and moderate-income limit (these limits are found in Table 1). Please note that income qualification criteria from other programs may be substituted as long as those criteria are at least as restrictive as the limits found in Table 1.

Applicants must:

- a. provide documentation of the total number of clients or households served in 1991;
 - b. state what percent of the clients or households served in 1991 were low and moderate-income (or meet other criteria which are stricter);
 - c. provide a copy of the income qualification criteria that were used to screen clients and to determine the percent that were low- and moderate-income;
 - d. provide a copy of the client intake form highlighting the questions regarding family size and income levels; and
 - e. agree to continue to maintain documentation of the clients' incomes for the contract period.
3. **Income Eligibility Requirements ("Direct Benefit"):** This means that the agency uses income screening to limit the benefits of the CDBG-funded activity to only those persons who are low- and moderate-income. For example, a housing counseling program would screen potential clients and use the CDBG funds to pay for the counseling of those who are income-eligible.

Applicants must:

- a. screen clients by family size and income;
- b. provide a copy of the client intake form highlighting the questions regarding family size and income levels; and

- c. **state how the program would limit the benefits of the CDBG-funded activity exclusively to low- and moderate-income persons or households. Agencies funded for direct benefit projects may be asked to prepare a unit cost plan before they go under contract. They will be reimbursed only for the cost of serving individual low-and moderate-income persons or households.**
- 4. **Nature/Location of Activity Allows Conclusion of Primarily Low- and Moderate-Income Benefit:** This means that the activity is of such a nature and in such a location that it may be concluded that the clientele will be primarily low- and moderate-income; for example, a food bank near an assisted housing project.

Applicants must: Explain how the nature and if applicable, the location of the proposed project, establishes that it is used primarily by low-and moderate-income persons.

- 5. **Removal of Architectural Barriers:** A project which removes material or architectural barriers which restrict the mobility and accessibility of elderly or handicapped persons to publicly owned and privately owned nonresidential buildings, facilities and improvements and the common areas of residential structures containing more than one dwelling unit is considered to benefit primarily low- and moderate income persons. The applicant need not explain further. (Please note that this refers to the removal of existing barriers; it does not apply to new construction.)

C. Housing Rehabilitation Activities (Residential)

These are activities providing or improving permanent residential structures which are or will be occupied by low- and moderate-income households. It does not include group homes or shelters for the homeless, which are considered limited clientele activities.

Applicants must: Agree to screen households for family size and income eligibility. If a residential structure contains more than one dwelling unit, the general rule is that 51% of the units must be occupied by low-and moderate-income households. For more information on the low- and moderate-income benefit criterion for residential housing activities, call the Community Development Section at 296-7540.

D. Job Creation or Retention Activities

These are economic development activities which are designed to create or retain permanent jobs, where at least 51% of the jobs, computed on a fulltime equivalent basis, can be documented to employ low- and moderate-income persons. For further information, call the Regional Policy and Programs Section at 296-7605.

II. Reduce or Eliminate Slum and Blight

An activity may meet the national objective of reducing or eliminating slum and blight, instead of benefiting low- and moderate-income people. There are two different ways that CDBG activities can meet this second national objective:

- A. **Area Basis:** A project must be located in an area defined as a slum or blighted area under state or local law; the conditions which qualified the area as slum or blight must be on record; and the project must specifically address one or more of those conditions. King County and the suburban cities have very few designated slums or blighted areas.

or

- B. Spot Basis:** A CDBG project to eliminate slum and blight on a spot basis (eg, outside of a locally designated slum or blighted area) must be limited to activities necessary to eliminate specific conditions posing a threat to the public health or safety. The health or safety hazard must be identified, and the scope of the project must be limited to correcting the hazard.

As noted above, most CDBG activities in King County meet the national objectives threshold by documenting benefit to predominantly low- and moderate-income people rather than eliminating slum and blight.

Eligible Recipients: Threshold #3

Projects must generally be implemented by public (or government) agencies or private nonprofit corporations; e.g., those with 501-C-3 certification. Exceptions may be made for private for-profit businesses implementing economic development projects if other federal CDBG requirements are met. There are special requirements regarding the eligibility of religious non-profit organizations. Please call Jacqueline Toma at 296-8670 for more information.

Anyone, including private individuals, may apply for CDBG funds for a project as long as the governing body of an eligible implementing agency approves the application before submittal and agrees to implement the project if it is funded. Private citizens wishing to apply for CDBG funds for a housing repair loan or emergency repair grant should contact the Housing Hotline directly, at 296-7640. For-profit businesses wishing to apply for an economic development loan should contact the Regional Policy and Programs Section directly, at 296-7605.

Applicants will be asked to submit a list of employees of the organization as well as individuals serving on the Board of Directors or governing body of the organization. This information will be used to determine if a conflict of interest exists. Federal regulations prohibit employees of organizations receiving CDBG funds from being voting members of the governing boards of those organizations.

PART II.

THE KING COUNTY CDBG CONSORTIUM POLICIES

CHAPTER 2

ORGANIZATION OF THE KING COUNTY CONSORTIUM

The County and Suburban Cities Are Consortium Partners

King County and twenty-six of the suburban cities in King County have signed a three-year Interlocal Cooperation Agreement to receive and distribute an annual entitlement of CDBG funds as a HUD-designated urban county. Each of the parties to the Interlocal Cooperation Agreement are partners in the King County CDBG Consortium.

The Interlocal Cooperation Agreement has established a "pass-through" system for the larger suburban cities who are partners in the Consortium. The "Pass-through Cities" elect to receive a direct share or "pass-through" of the Consortium's CDBG funds, which they may then allocate to eligible projects according to locally developed policies (subject to King County review for compliance with federal regulations). The Pass-through Cities are listed in Table 2. Potential applicants interested in projects which serve residents of these cities should contact them directly for information on applying for funds.

The smaller cities, and the agencies serving them and the unincorporated areas of the County, compete for the balance of the funds, known as the "County and Small Cities" fund. Please note that there is no consortiumwide fund for projects serving the entire Consortium.

In addition to being a Consortium partner, King County is the official CDBG grantee. As such, King County has final authority and responsibility for all CDBG policy matters, allocations, and implementation of the CDBG program in the Consortium. King County's role varies with respect to the different fund categories established in the Interlocal Cooperation Agreement. King County has these functional roles:

- o direct responsibility for the County and Small Cities fund, from policy to allocation decisions;
- o shared responsibility with Consortium cities for setting Consortium-wide policy (the County as well as the cities are represented on the Consortium's Joint Policy Committee, or JPC); and
- o an administrative role for all funds and all projects, including those of the Pass-through Cities.

The King County Planning and Community Development Division (PCDD) administers the Consortium's CDBG Program. The Community Development Section within PCDD has a central role, especially with subrecipients and cities in the Consortium. This Section serves as staff to all Consortium Partners, the JPC, and provides liaison between the Consortium and HUD. The Section helps to identify needs in communities, provides assistance in interpreting HUD regulations, helps develop proposals, reviews proposals, contracts for funded projects, monitors funded projects, and reimburses eligible costs. It also prepares and submits documents and reports required by HUD.

Distribution of Funds Among Consortium Partners

In 1993, the CDBG entitlement grant is projected to be \$4,859,000. These funds will be distributed among Consortium partners according to the method defined in its 1991-1993 Interlocal Cooperation Agreement. In brief, the Agreement states that after the costs of administration are set aside, the remaining entitlement amount will be shared between the Pass-through Cities' funds and the County and Small Cities fund, based on their share of the Consortium's low- and moderate-income population.

The Administrative Set aside

The actual costs of the Consortium's program administration, except for any County charges for overhead, are set aside from the total entitlement grant. For the 1993 program year, the administrative setaside will be \$870,063. Any additional County charges for overhead costs will be taken from the County and Small Cities portion of the grant.

The remaining entitlement amount, referred to as the adjusted grant amount, is then estimated to be \$3,988,937. Added to this is approximately \$1,122,000 in program income and recaptured prior years' funds, for a total of about \$5.1 million. This is the amount which is shared between the Consortium partners and is available for allocation to projects.

The Pass-through Cities Funds

Cities may elect to receive a direct share or pass-through of the adjusted grant amount based on their share of the Consortium's low- and moderate-income population, provided that share equals \$25,000 or more. In this case, they may allocate the funds to eligible projects based on their local discretion, and the cities accepting the pass-through do not compete for additional funds from the County.

The cities listed in Table 2 have qualified for and elected to receive the estimated pass-throughs as indicated. Please be aware that recaptured funds, resulting from project under-runs or cancellations in prior years, have not yet been added, and that the figures will be adjusted in late summer to reflect annexations, incorporations, and population estimates as of 1992. Please refer to the individual cities' Local Program Policies in Part III for an indication of how each city proposes to allocate its funds, or call the telephone number provided in Table 2.

The County and Small Cities Fund

The balance of the funds are designated for projects serving unincorporated King County and the remaining 15 suburban cities and towns which either did not qualify for, or did not elect to receive, pass-throughs.

Nonprofit organizations, small cities, and other government agencies all compete for County and Small Cities funds, which are estimated to be \$2,578,534 in 1993. Please note that recaptured funds are not yet included in this estimate; in addition, figures will be adjusted in late summer to reflect changes caused by city annexations, incorporations, and population estimates as of 1992.

TABLE 2

PASS-THROUGH CITIES

<u>City</u>	<u>Phone</u>	<u>Estimated Amount of CDBG Pass- through Funds</u>	<u>Program Income</u>	<u>Recaptured Funds</u>	<u>Total Funds Available¹</u>
Bothell	486-8152	\$ 64,629	\$1,945	NA	\$ 66,574
Des Moines	878-8626	100,176	3,014	NA	103,190
Enumclaw	825-3591	54,734	1,647	NA	56,381
Issaquah	391-1009	43,913	1,321	NA	45,234
Kent	859-3390	225,615	6,788	NA	232,403
Kirkland	828-1167	223,879	6,736	NA	230,615
Mercer Island	236-3525	57,945	1,743	NA	59,688
Redmond	643-4957	141,775	4,266	NA	146,041
Renton	235-2553	262,063	7,855	NA	269,918
SeaTac	878-9100	127,615	3,840	NA	131,455
Tukwila	433-1843	108,059	3,251	NA	111,310

¹ Amounts may increase when recaptured funds from prior years and additional program income funds are added in late summer.

Decision Making

The Interlocal Cooperation Agreement established a six-member Joint Policy Committee to recommend overall guidance to the Consortium, including the amount to be set aside for administration of the program, and to arbitrate disagreements. The JPC is comprised of the King County Executive (or his designee), two King County Councilpersons, and three suburban cities' elected officials.

City Councils and the County Council also have important roles in decision making. There are two points during the year when major decisions are made: policy planning in the spring, and the actual allocation of the funds to specific projects in the fall.

CDBG Policies and Priorities Adopted in the Spring

In the spring, each Pass-through City prepares and adopts Local Program Policies, which assess their city's community development and housing needs and identify strategies for meeting those needs, including priorities for their CDBG pass-through funds. At about the same time, the County also prepares Local Program Policies to guide the allocation of the County and Small Cities fund. The King County Executive and the JPC recommend the entire package, known as the CDBG Policy Plan, which also includes a recommended amount for the administrative setaside, to the King County Council. Once the King County Council adopts it (early May), it is sent out to all potential CDBG applicants to guide the application process.

Allocation Decisions in the Fall

In the fall, each Pass-through City holds a public hearing and adopts its CDBG projects before submitting them to King County. At about the same time, the King County Executive recommends specific County and Small Cities CDBG proposals to the King County Council, based on the policies adopted in the policy plan.

The County Council considers the recommendations, holds a public hearing, and makes the final decisions during the annual King County budget process. The County Council then adopts by ordinance the entire Consortium's annual CDBG program, including the Pass-through Cities' funds as well as the County and Small Cities fund.

The King County Executive must then submit an application to HUD for the annual CDBG entitlement Grant. HUD must approve the application and the adopted CDBG program before funds become available (on or about January 1, 1993). Grantees must have fully executed contracts, signed by the Executive, before they may begin their projects.

Please refer to the 1993 Program Planning Calendar for dates.

1993 Program Planning Calendar: Important Dates

- March 14, 1992 PCDD publishes federally required notice of availability of funds and information on the 1993 King County CDBG Consortium program.
- March 26, 1992 PCDD conducts public meetings on community needs and the Executive Proposed 1993 PCDD Policy Plan. Staff provides technical assistance to potential County and Small Cities fund applicants.
- April 7, 1992 Executive approves draft 1993 Policy Plan, including administrative set aside.
- April 16, 1992 JPC endorses Executive Proposed 1993 Policy Plan, including administrative set aside.
- April 27, 1992 Executive Proposed 1993 Policy Plan, including administrative set aside and Local Program Policies for the County and Small Cities fund, introduced to King County Council.
- April 30, 1992 Pass-through Cities' Local Program Policies due at PCDD (to be attached to Policy Plan under consideration by King County Council).
- May 4, 1992 Application period begins for 1993 County and Small Cities funds. PCDD distributes Executive Proposed Policy Plan and application kits to Small Cities and interested citizens and agencies.
- May 7, 1992 Application Workshop held to assist applicants in filling out application form.
- May 11, 1992 County Council adopts 1993 Policy Plan, including administrative set aside, and all consortium Partners' Local Program Policies.
- June 5, 1992 Applications due for County and Small Cities funds. Applications from small cities must be accompanied by local Council authorization; those from nonprofit agencies must be accompanied by Board authorization.
- Ongoing, April-Oct., 1992 Pass-through Cities develop 1993 CDBG programs, with citizen input and public hearings.
- Aug. 3-7, 1992 CDBG Advisory Committee advises on County and Small Cities fund applications.
- Aug. 10-30, 1992 Executive reviews/develops his recommendations for County and Small Cities fund program.
- Oct. 1, 1992 Pass-through Cities' 1993 CDBG programs due at PCDD.
- Oct. 15, 1992 King County Executive formally transmits his recommended County and Small Cities' 1993 CDBG Program to County Council. Applicants notified if they are recommended or not.

Late October, 1992	PCDD publishes "Proposed Statement of Community Development Objectives and Projected Use of 1993 CDBG Funds" for citizen review and submits Consortium's proposed 1993 water and sewer projects to PSRC for A-95 review process.
Early Nov., 1992	King County Council holds public hearing on Executive Proposed County and Small Cities program.
Nov. 23, 1992	King County Council adopts the total King County Consortium's 1993 CDBG Program. This includes the Pass-through Cities programs as well as the County and Small Cities program.
Nov. 30, 1992	<u>Applicants notified</u> if they are granted funds or not. King County Executive submits "Final Statement" and application to HUD for Consortium's 1993 CDBG entitlement.
Ongoing, Dec. 1992-Jan. 1993	PCDD staff work with Cities and nonprofit grantees to prepare 1993 contracts and environmental review checklists.
Jan. 1, 1993	1993 CDBG funds are available to those grantees with fully executed contracts; program year begins.

Citizen Participation

Federal CDBG regulations require that citizens, especially those from low- and moderate income communities, be given many opportunities to examine and appraise the Consortium's use of CDBG funds. King County and the Consortium Cities, in compliance with the regulations, afford citizens opportunities for participation in the development of the annual CDBG program as well as in the selection of activities, and opportunities to later comment on the implementation of CDBG activities.

The Citizen Participation Schedule on the next page provides the dates when CDBG program information is published for citizen review and comment as well as the months when public meetings or hearings on the Program are scheduled. All public hearings are accessible to citizens with disabilities; sign language interpreting is available if requested.

Opportunities for Participation During Program Development

In the spring, early in the development of the annual CDBG Program and prior to the distribution of applications and proposal preparation, the County and each Pass-through City are responsible for furnishing citizens with information on the amount of CDBG funds estimated to be available for the upcoming year and the range of activities that may be undertaken with those funds. Each Pass-through City and the County develop, and hold public meetings on Local Program Policies which will later guide the allocation of funds to address the identified needs of each jurisdiction. These public meetings on proposed policies and the identification of needs are held in the County's Community Development Areas (CDAs) and the Pass-through Cities' target areas whenever possible in order to encourage citizens from low- and moderate-income neighborhoods and communities to participate. Since the White Center CDA is the CDA with the greatest number of Asian refugees and Spanish-speaking people, any meetings in that area will be advertised in multi-language newspapers and interpretation/translation services will be available if requested.

Each Pass-through City and the County then hold formal public hearings in the fall, during the time that the City or County Council is deliberating on their jurisdiction's allocation of funds to specific CDBG projects for the coming year.

On behalf of the Consortium, in the fall PCDD publishes a "Proposed Statement of Community Development Objectives and Projected Use of Funds" which provides citizens an opportunity to comment on the entire Consortium's annual CDBG program prior to its final adoption and submittal to HUD.

Each Pass-through City has a slightly different process and timeline for involving citizens. For more information contact the individual city (see telephone numbers in Table 2, page 17).

Opportunities for Participation During Program Implementation

After the CDBG Program is adopted and the "Final Statement" is submitted to HUD, each Consortium Partner is responsible for providing citizens with reasonable notice and an opportunity to comment whenever substantial changes are proposed for each jurisdiction's adopted CDBG Program. A substantial change is defined as: changing the amount to be expended on a project by 25 percent, plus or minus (unless the "minus" is merely the result of an under run); changing the purpose, scope, location or beneficiaries of the project; or canceling or adding new projects. If capital dollars will simply be used for a different portion of the project (i.e., rehab rather than acquisition) this does not constitute a substantial change. In addition, reallocating revolving funds back to a project does not constitute a substantial change. Substantial changes must be approved by the County, which must also amend the Final Statement submitted to HUD.

Finally, within three months after the end of each program year on December 31, King County staff makes available to the public, and gives citizens an opportunity to comment on, the review of program performances embodied in its Grantee Performance Report. This report includes an assessment of the relationship of the prior year's funded CDBG projects to the community development objectives for that year. At this time King County also prepares and adopts the annual CDBG Carryover Ordinance, which identifies which unfinished projects are being carried over (extended for another year) and which are being cancelled.

Written complaints or grievances are answered within 15 working days where possible.

Records regarding the past use of King County CDBG Consortium funds are available at PCDD offices for citizen review. Each Pass-through City also has records regarding their jurisdiction's past use of funds.

Citizen Participation Schedule for the 1993 Program

Development of 1993 Program:

March-April 1992	Pass-through Cities hold <u>public meetings</u> on their Local Program Policies and identify needs in their communities.
March 14, 1992	PCDD publishes information on the amount of CDBG funds estimated to be available in 1993, the range of activities that may be undertaken with those funds, and the availability of application materials.
March - April, 1992	County holds <u>public meetings</u> on draft 1993 Policy Plan (includes identification of needs as well as proposed policies, priorities, or objectives for 1993 program year) and provides technical assistance for potential applicants. Meetings are held in areas accessible to the County's low- and moderate-income population; number and location of hearings vary each year with the goal of reaching a variety of low- and moderate income areas.

Late Oct., 1992	County publishes "Proposed Statement of Community Development Objectives and Projected Use of Funds" (the list of activities proposed to be funded) for 1993, invites citizen comment, and informs them of public hearing on proposed activities.
Sept.-Nov. 1992	Pass-through Cities hold <u>public hearings</u> on proposed activities for 1993.
Early Nov. 1992	County holds <u>public hearing</u> on proposed activities for 1993.
Late Nov. 1992	County publishes notification that the Final Statement (final selection of activities to be funded) has been completed and is available.
Implementation of 1993 Program:	
Dec. 1992-March 1993	Applicable environmental notices published for specific projects in 1993 adopted program (meanwhile, development of <u>1994</u> program begins).
Ongoing, 1993	Citizens informed and given opportunities to comment whenever a substantial change may be proposed in the 1993 adopted program.
March 1993	Citizens given opportunity to review 1992 program performance (GPR) and public hearing on the Carryover ordinance (which identifies all unfinished projects and carries some over and cancels others). Meanwhile, development of <u>1994</u> program begins.

CHAPTER 3

CONSORTIUM PARTNERS' FUND POLICIES

Limitation on Public Service Expenditures

Federal regulations limit the amount of funds which may be allocated to public (human) service projects to 15% of the annual CDBG entitlement grant plus program income. The amount available to spend on public services will vary widely from year to year since the entitlement and especially the amount of program income varies widely. The following policies will guide how this public service "ceiling" is distributed among Consortium partners:

Policy 1: Each of the Pass-through Cities is eligible to receive an amount equal to its share of the public service funds that would be available in an average entitlement year with no program income. For 1993 those amounts are as follows:

	<u>1993</u>
Bothell	\$ 9,873
Des Moines	14,894
Enumclaw	7,877
Issaquah	6,927
Kent	35,743
Kirkland	34,887
Mercer Island	9,465
Redmond	22,491
Renton	40,226
SeaTac	22,508
Tukwila	13,408

Policy 2: Each Pass-through City is guaranteed the ability to reserve up to their fair share amount as noted above for public service projects, provided that it notifies the Community Development Section of the amount it wishes to reserve by April 30th.

Policy 3: The Community Development Section shall confirm with each of the Pass-through Cities their individual public service amount by May 6th. It is understood that any changes to the entitlement will not affect the public service Pass-through amounts guaranteed to the cities. (The County and Small Cities fund shall deal with any variations by changing the amount available for one time only projects.)

Policy 4: The County and small cities share of \$444,400 is available in 1993 for ongoing projects. These funds will be allocated by the County for consortiumwide emergency shelter and other human service needs. The remaining public service ceiling shall be allocated by the County. Any additional public service ceiling is likely to vary widely from year to year and will be allocated for one-time only projects which are regional in nature. These allocations will be balanced between the north, east and the south part of King County.

Limitation on Planning and Administration Expenditures

Federal regulations limit the amount of funds which may be allocated to planning and administration projects -- including the overall administration of the Consortium's program -- to 20% of the annual grant amount. The following policies will guide how this planning and administration "ceiling" is distributed among Consortium partners:

- Policy 5:** The administrative setaside has first priority for available planning and administration ceiling.
- Policy 6:** Each individual Pass-through City is guaranteed the ability to reserve 7.0% of its Pass-through to allocate to planning and administration activities, provided that it notifies the Community Development Section of its wishes by April 30th.
- Policy 7:** In addition, any Pass-through City may request the use of any unreserved Pass-through Cities' ceilings, provided it notifies the Community Development Section by April 30th.
- Policy 8:** The Community Development Section shall confirm with each of the Pass-through Cities their individual planning and administration ceilings by May 6th. It is understood that downward revisions in the estimate of the entitlement may necessitate downward adjustment of the ceilings for all Consortium partners. Planning and administration ceiling not allocated in the fall allocation cycle will be lost.
- Policy 9:** Any remaining planning and administration ceiling shall be reserved for the County and Small Cities.

Program Income

"Program income" means gross income received by the recipient or a subrecipient directly generated from the use of CDBG funds. When such income is generated by an activity that is only partially assisted with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used.

1. Program income includes, but is not limited, to the following:
 - a. Proceeds from the disposition by sale or long term lease of real property purchased or improved with CDBG funds;
 - b. Proceeds from the disposition of equipment purchased with CDBG funds.
 - c. Gross income from the use or rental of real or personal property acquired by the recipient or a subrecipient with CDBG funds, less the costs incidental to the generation of such income;
 - d. Gross income from the use or rental of real property owned by the recipient or a subrecipient that was constructed or improved with CDBG funds, less the costs incidental to the generation of such income;
 - e. Payments of principal and interest on loans made using CDBG funds;
 - f. Proceeds from the sale of loans made with CDBG funds;
 - g. Proceeds from the sale of obligations secured by loans made with CDBG funds;

- h. Interest earned on funds held in a revolving fund account;
 - i. Interest earned on program income pending disposition of such income; and
 - j. Funds collected through special assessments made against properties owned and occupied by households not of low and moderate income, where such assessments are used to recover all or part of the CDBG portion of a public improvement.
2. Program income does not include interest earned (except for interest described in § 570.513) on cash advanced from the U.S. Treasury. Such interest shall be remitted to HUD for transmittal to the U.S. Treasury and will not be reallocated under section 106(c) or (d) of the Act. Examples of other receipts that are not considered program income are proceeds from fundraising activities carried out by subrecipient receiving CDBG assistance; funds collected through special assessments used to recover the non-CDBG portion of a public improvement; and proceeds from the disposition of real property acquired or improved with CDBG funds when such disposition occurs after the applicable time period specified in § 570.503(b)(8) for subrecipient controlled property or § 570.505 for recipient controlled property.

The Interlocal Cooperation Agreement provides for the following policies governing program income, unless exception is specially recommended by the JPC:

- Policy 10:** Program income generated through the interim finance ("CD Float") loan shall return to the Consortium and be distributed in the same manner as the entitlement, after reserving the amount needed to pay for the direct costs (e.g., attorney and bank fees, advertising costs, contract compliance costs) of the negotiation and implementation of the CD float loan project.
- Policy 11:** The Pass-through cities have the ability to contribute their share of the program income generated through the CD float loan to fund one-time only public service projects. These funds will be allocated consortiumwide by the County for one-time only equipment purchases. Each Pass-through city will notify the Community Development Section of its decision to contribute program income by April 30th. (For more information see Chapter 5, Policy B.2.)
- Policy 12:** Program income generated from a project funded through a city's pass-through shall return to that city's pass-through fund.
- Policy 13:** Program income generated from a project funded through the County and Small Cities fund shall return to the County and Small Cities fund.

Recaptured Funds

Recaptured funds result from project underruns or cancellation. The Interlocal Cooperation Agreement provides for redistribution of the funds as follows:

- Policy 14:** Unallocated or recaptured funds from 1987 and earlier years (e.g., old "Population," "Needs," or "Joint" funds) shall return to the Consortium and be redistributed in the same manner as the entitlement.
- Policy 15:** Funds recaptured from a project funded through a city's pass-through shall return to that city's pass-through fund.

Policy 16: Funds recaptured from a project funded through the County and Small Cities fund shall return to the County and Small Cities fund.

Policy 17: Administrative setaside funds which are recaptured shall return to the Consortium and be distributed in the same manner as the entitlement.

Housing Repair

Policy 18: Pass-through Cities may allocate funds for housing repair in order to make their citizens eligible for all of the programs operated by King County. Loan funds will be available for city residents up to the level allocated by the city, less 17% for program delivery costs. The 17% will help support the King County Housing Rehabilitation staff because these staff will administer the programs.

Policy 19: Loan funds that remain uncommitted will be recaptured and return to the city to reallocate for either housing repair or other programs.

Policy 20: Eventual loan repayments from the participating Pass-through Cities' residents will return as program income to that city and will be available for reallocation to either housing repair or other programs.

Policy 21: Pass-through Cities must notify the Community Development Section of the amount they wish to allocate to housing repair by April 30th so that the County may anticipate and plan for work load and staffing needs.

Miscellaneous Fiscal and Administrative Policies

Policy 22: The Planning and Community Development Division (PCDD) shall have the authority to administratively approve project budget revision requests, provided that such revision does not involve a substantial change to the project. (See page 19 for a definition of substantial change.) For requests which involve a substantial change to the project, see Policies 23 and 24 below.

Policy 23: Pass-through Cities proposing a change in scope or intent in a project, or proposing other substantial changes (see page 21) to their CDBG program after it is adopted by the City Council, must notify affected citizens and give them opportunity to comment. The changes must receive City Council authorization. The County Executive is then authorized to approve the change, and will do so by signing the City's contract amendment. PCDD will amend the Final Statement to HUD.

Policy 24: For projects funded through the County and Small Cities fund, proposed substantial changes (except for increases in dollar amounts) may be approved by the County Executive, after consultation with the County Councilmember in whose district the project is located, and after affected citizens have been notified and given an opportunity to comment. Small cities requesting a substantial change must submit a copy of their City Council's authorization of the request. The Executive will approve the change by signing the contract amendment. PCDD will amend the Final Statement to HUD.

Policy 25: All funds available to a jurisdiction at the time it makes its allocation decisions must be allocated to viable projects prior to submitting its CDBG program to PCDD. Funds not allocated by a Pass-through city may be allocated by the King County Council to a project or projects serving the city's region or subregion of the County.

CHAPTER 4

CONSORTIUMWIDE POLICIES FOR ALL CDBG PROPOSALS

Federal regulations require that entitlement communities have local community development plans or policies to guide the choice of activities funded within the broad range of those allowable under the federal regulations.

In the King County Consortium, there are essentially two "layers" of these local policies. The first layer is comprised of Consortiumwide policies which apply to all CDBG proposals, whether the request is for County and Small Cities funds or for any of the Pass-through Cities funds. These policies have been developed and adopted by the Joint Policy Committee and the King County Council over the course of the 17 years that the King County CDBG Program has been in existence. They have been reviewed and updated for the 1993 program year.

The second layer of policies is comprised of those imposed by local jurisdictions. They apply only to specific funds (e.g., the County and Small Cities Fund, or a specific Pass-through City's Fund). These Local Program Policies generally indicate more specific needs in the particular jurisdiction, including any target areas for CDBG activities, and may encourage different types of activities in different areas or neighborhoods. The King County Council adopts Local Program Policies for the County and Small Cities share of the consortium's funds; each City Council of the Pass-through Cities adopts Local Program Policies for its share of the funds. These Local Program Policies are presented in Part III of this Policy Plan.

Consortiumwide Policies

Policy A.1: Consistency with Applicable City, County, and/or State Codes and Policies. Proposed projects must be consistent with adopted codes and other applicable policies, plans, and standards. Applicants for capital projects must indicate the appropriate jurisdiction's major requirements for a building permit/occupancy permit, and must show how they can meet those requirements within the proposed schedule and budget.

Applicants should contact the jurisdiction in which the proposed project would be located to make sure that the project as proposed will be consistent with local zoning and with building codes, and land use and community development plans. Other policies may also be applicable. Applicants must indicate:

1. The current zoning on the property;
2. Whether the proposed project will be permitted under the current zoning; and
3. The name of the contact person the applicant spoke with in either King County BALD or the appropriate city building department.

It is to the applicant's advantage to research and prepare for all permits or other requirements likely to affect the timing, costs, and success of their proposed project, since projects not underway within one year or completed within two years will be recommended for possible cancellation. It is especially important that applicants proposing capital projects in unincorporated King County check with Building and Land Development. Please see the list of resource people and telephone numbers at the end of this chapter.

Policy A.2: Approval of Implementing Agency. Project proposals which are submitted by applicants other than the agency or city which will be implementing them must be reviewed and approved by the appropriate implementing agency or city prior to submittal.

All CDBG projects located on publicly owned property will be implemented by the public agency responsible for the property. For example, street and sidewalk projects will be implemented by the city responsible

for the property. If it is in an unincorporated area, it will be implemented by the County Department of Public Works.

Therefore, for County and Small Cities Fund applicants, the appropriate City Council, County Department, or other implementing agency, must be contacted early in the proposal development stage, and must approve the application before it is submitted to PCDD.

The Pass-through Cities will review and approve all projects that they propose to fund prior to submitting them to the County for final approval.

Policy A.3: Restrictions on the Change of Use of CDBG-Assisted Property. In order to ensure compliance with HUD requirements restricting the change in use of property acquired, constructed or improved with CDBG assistance, and to ensure continued public benefit, all recipients including cities and other public entities must agree to restrict the use of the property to the intended purpose for which the funds were awarded. Recipients must notify the King County CDBG Program prior to any proposed changes in use of CDBG-assisted property; King County must approve any changes in use.

A CDBG-assisted property must be used for specifically CDBG-eligible activities, as opposed to other private or even other public activities. The property must be used for the intended purpose for which CDBG funds were awarded and for a specified length of time, so that the low- and moderate-income public is guaranteed use of the facility in return for the expenditure of public funds. The intended purpose is not to earn income from the facility. Please note that any income from the use or rental of a community facility, beyond what is needed for operation and maintenance of the facility itself, is program income and must be returned to the King County CDBG Consortium.

The time periods during which the restrictions on changes of use will be in effect are commensurate with the type of assistance and are detailed below in Policy A.4. The restrictions on the change of use will be enforced through a combination of a lien on the property (specifically, a deed of trust) and a promissory note (see Policy A.4 below).

Policy A.4: Legally Binding Public Interest in CDBG-Assisted Property. HUD requires that facilities acquired, constructed or improved with CDBG funds be "publicly owned" and that the CDBG public interest be protected. In order to fulfill these requirements, all CDBG recipients (including public entities, except for Consortium Cities, whose commitment is secured through the CDBG Interlocal Cooperation Agreement) receiving more than \$10,000 must be both able and willing to establish a legally binding public (CDBG) interest in the facility for a period of time commensurate with the CDBG commitment. The public (CDBG) interest will be secured through a lien on the property recorded as a deed of trust, and a promissory note explaining the sale and change of use provisions that will accompany the CDBG-assisted real property. Applicants should include funds for an appraisal in their proposed budgets.

For non-housing projects, the period of time for which a deed of trust will be established will depend upon the amount of CDBG funds committed: \$10,001 to \$75,000: 7 years to the month from project completion, \$75,001 to \$105,000: 15 years to the month from project completion; \$105,001 to \$150,000: 20 years to the month from project completion; \$150,001 or more: 25 years to the month from project completion. For housing projects, the period for which a deed of trust will be established will be consistent with the requirements of the HOME program.

In essence, the CDBG award will be a "loan" which will be forgiven at the end of the designated term, provided that the facility is used during that time for the purposes for which it received CDBG funds. If the property is sold or the use is changed before the end of the term, the CDBG funds shall be repaid to the King County CDBG fund along with a proportionate share of any appreciation in the property.

For projects using \$10,000 or less in CDBG funds, a deed of trust and promissory note will not be required. While there will be no lien on the property, the recipients contract will specify a minimum length of time (approximately two years) during which there will be a restriction on change of use in order to ensure that the project meets the national objective of benefiting low- and moderate-income people.

Projects receiving predevelopment funds from the Community Development Loan Fund (CDLF) or a loan from the Community Development Interim Loan (CDIL) program are exempted from this policy. Instead, since these are both short term loan programs, CDIL and CDLF projects will carry a deed of trust restricting any change of use for a period of 5 years from the date the project was completed.

Policy A.5: Restriction on Assessments. CDBG funds may not be used for public improvement projects where a portion of the project is to be financed by assessments to area property owners, unless the project is structured such that CDBG funds are used to pay the assessments of all low-and moderate income property owners.

If the proposed public improvement is to be partially financed by assessments, applicants will need to conduct an income survey to identify both the number of low-income as well as the number of moderate-income property owners within the proposed project area in order to determine if the CDBG proposal is still feasible given local effort.

Policy A.6: Equal Opportunity. All CDBG proposals must comply with federal, state, and local laws and executive orders which prohibit discrimination on the grounds of race, creed, color, national origin, sex, age, marital status, or the presence of any disability. Discrimination is prohibited in the provision of a service or facility funded with CDBG funds, and in all other aspects of administering a CDBG proposal including contracting, procurement, and employment.

Agencies must ensure that no qualified disabled person is denied the opportunity to participate in or benefit from any service because of his or her disability. Each program or activity offered should be readily accessible to and usable by handicapped persons. Program accessibility can be achieved by physical modifications to existing facilities, or acquisition of equipment, or redesign of space, or assignment of aides to beneficiaries, and/or the delivery of services at alternate accessible sites.

Any CDBG funded agency which employs more than 15 people must have a Telecommunication Device for the Deaf (TDD) system or participate in the State relay system. The TDD need not be available at every site as long as an individual can at least gain access to the agency and messages can be relayed to specific sites. Applicants must provide the phone number of the TDD line or certify that one will be available or provide documentation that the agency utilizes the State TDD relay service if the agency is funded. For more information on these systems please contact the Hearing, Speech and Deafness Center at 323-5770 or Let's Talk at 340-8255 or Washington State TDD Relay Service at 587-5500 (Seattle) or 1-800-833-6388. A limited amount of public service one-time only funds are available to purchase TDDs (see page 47). Agencies interested in purchasing TDD equipment should fill out a separate application.

Policy A.7: Minimizing Loss of Low- and Moderate-Income Dwelling Units. Any CDBG proposal which would directly result in any occupied or vacant occupiable low- and moderate-income dwelling units being (1) demolished, or (2) converted to a use other than as low- and moderate-income housing, must include a realistic plan to provide replacement housing within three years of the commencement of the demolition or rehabilitation relating to conversion.

A detailed and feasible plan is necessary because under federal regulations 24 CFR 570.606(b)(1) King County must submit to the public and to HUD the following information before any funds can be committed to the project:

- A description of the CDBG proposal;
- The general location on a map, along with the number of dwelling units by size that will be demolished/converted to a use other than low- and moderate-income housing;
- A time schedule for the commencement and completion of the demolition or conversion;
- A map of the general location of the replacement dwelling units;
- Source of funding and time schedule for the provision of replacement dwelling units; and
- The basis for concluding that each replacement unit will remain a low- and moderate income dwelling unit for at least 10 years from the date of initial occupancy.

Policy A.8: Minimizing Displacement and Providing Relocation Assistance. It is King County's policy to discourage CDBG proposals which would cause displacement of people or businesses. **Any proposal which is likely to cause displacement must include relocation assistance payments in its budget** (under federal regulations displaced households are eligible for assistance for 5 years); such a proposal will compete less favorably with other CDBG proposals.

In order to minimize displacement in acquisition/rehabilitation projects, King County encourages only the acquisition of vacant properties, or properties being voluntarily sold by owner-occupants. In addition, King County does not encourage any projects which are likely to cause an increase in neighborhood rents as a result of the cumulative impact of CDBG investment in a neighborhood.

Any CDBG proposal which is likely to directly result in displacement must include a budget covering the maximum relocation benefits, as described in 24 CFR 570.606(b)(2), to displacees as well as the realistic staff and operating costs associated with helping them relocate. For the specific definition of what constitutes a displaced person and whether or not they are eligible for benefits, and to determine the maximum relocation benefits and associated staff and operating costs that may be necessary, please call Vince Tom at 296-8641.

Policy A.9: Use of CDBG Funds to pay Non-CDBG Project-Related Relocation Costs. In general, project sponsors should follow the guidelines established by the other public fund source(s) as to procedures and benefit amounts, and pay relocation costs from the other funds source(s) to the extent possible. If additional funds for relocation are needed (e.g., if the other fund source requires a certain level of benefits but only pays for a portion of the costs), then CDBG funds may be used to make up the difference.

Specifically, King County Consortium CDBG funds may be used to pay relocation costs to tenants displaced by an otherwise non-CDBG-assisted housing project only in limited circumstances:

1. The housing project must be located within King County Consortium areas; and
2. The housing project must be supported by some other public fund source which is contributing toward the payment of relocation costs to the maximum extent feasible (e.g., at least 50% of McKinney Act dollars); and
3. The grantor of the other public funds (e.g., not the King County CDBG Program) must assume responsibility for providing all necessary guidance or technical assistance to their grantee (the

project sponsor) in determining their fund source's relocation requirements and benefit amounts; and

4. The relocation benefit(s) will be paid directly to the displaced person(s) rather than to the project or the project sponsor, upon certification by the sponsor that the amount due is correct and true.

Applicants are cautioned that this means that if the other fund source is a federal source, King County will assume no responsibility in assuring that the Uniform Act requirements are met. That is a matter between the project sponsor and the grantor which provided the federal funds for the project, not the King County CDBG Consortium which, in this case, is providing no funds for the project itself.

Policy A.10: Federal Wage Rates. Pursuant to the Davis-Bacon Act, federal wage rates apply to almost all CDBG construction projects over \$2,000. Applications which include construction must include a budget which considers Davis-Bacon wage rates.

Since federal wage rates are approximately the prevailing union wage, applicants should not expect to economize on construction labor costs. Agencies obtaining preliminary construction cost estimates from contractors, engineers, or architects must inform them that this is a proposal for federal funds, and that federal wage rates will apply. There are very few exceptions (e.g., public agencies using force account; rehabilitation of single family housing). Prevailing wage rate information will be attached by PCDD to all bid specifications, which are to be advertised only after PCDD approval. This applies even if CDBG funds are only paying for construction or a portion of the construction, and are not paying for the preparation of the bid specifications. For more information, call Eric Wilcox at 296-8638.

Policy A.11: Federal Audit Requirements. Federal regulations require that private nonprofit agencies expending \$25,000 or more in federal funds annually (whether CDBG alone or CDBG in combination with other federal funds) must have an annual audit conducted by an independent auditor in accordance with OMB A-133 audit standards for private nonprofit organizations. Agencies must budget to meet this audit requirement. Agencies must comply with this requirement. Nonprofit agencies must provide (1) an estimate of the total amount of all federal (CDBG as well as other federal) funds they will receive in 1993; (2) date of last audit; (3) period covered by last audit; and (4) date of next planned audit.

Policy A.12: Capital projects must be implemented (i.e., funds must be obligated) in the first program year and completed within the second program year. Projects which do not meet these deadlines will be examined for possible recapture of funds and will only be allowed to extend under exceptional circumstances. In addition, if an agency already has a project which has not gotten underway, a new application will not be considered favorably.

Preference will be given to projects which are ready to go, and for which the applicant can demonstrate that they have researched and prepared for all requirements likely to affect the timeline, costs, and success of the project, such as building permit requirements. Applicants for projects which are not ready to go should consider postponing their application until next year. If they choose to submit an application despite not being ready to go, they may be asked to withdraw it and resubmit it the following year.

Policy A.13: Lead-Based Paint Abatement. Any proposed rehabilitation project (including the Pass-through Cities' housing repair programs) which (1) would involve a pre-1978 structure, and (2) would likely house a child or children age 7 or less, must follow King County's lead-based paint abatement plan.

Lead-based paint abatement is a federal requirement. Abating lead-based paint will likely have a budgetary impact on many proposals which meet the two conditions above. These costs must be included in the pro-

posal's budget. King County has developed a plan to address this issue. Please call Kevin Chan at 296-8652 for a copy of the plan or for more information.

Policy A, 14: Supplanting. Federal regulations prohibit using CDBG funds to supplant (replace or substitute for) local funds for all public service programs.

Public (human service) programs which have received local government dollars - (County Current Expense including Special Program funds or a Pass-through City's General Fund dollars), in the previous 12 months are not eligible for CDBG funding, unless the local funding is continued and the CDBG funds pay for a level of service above and beyond that provided by the local government dollars. The intent of this federal regulation is to prevent local governments from using the availability of federal CDBG dollars as an excuse to lower the local funding commitment to human services.

Applicants for public service funding must indicate 1) if the program is currently receiving local funds from the jurisdiction to whom they are applying for CDBG funds; 2) how much they are receiving; 3) for what activities and level of service; 4) whether or not that level of local support is likely to be continued; and 5) what additional level of service will be provided with CDBG funds. (Note: The provision of false or misleading information may be considered fraudulent.)

Policy A.15: Affordable Rents. Any project involving acquisition or rehabilitation of rental housing must conform to King County's standard for affordable rents to low- and moderate-income households. As defined in the 1992 King County Comprehensive Housing Affordability Strategy, "affordable" means that a renter earning up to 80% of the County median income, adjusted for family size, should pay no more than 30% of their income for rent, including utilities.

Summary: Consortiumwide Policies

The above policies are designed to guide all proposals for the King County Consortium's CDBG funds. The list of resource people on the following pages is designed to help applicants with further information.

In addition to these Consortiumwide policies, applicants should refer to the Local Program Policies guiding the Pass-through Cities funds or the County and Small Cities fund, depending on the fund to which they are applying. These Local Program Policies are found in Part III.

Consortiumwide Resource Persons and Applicable Plans

Listed below are resource persons and plans, policies, or requirements which may apply to different types of projects. Telephone numbers are included. Persons using a TDD should call the Community Development Section at 296-8646 and ask them to relay the request to the appropriate resource persons.

Unless otherwise noted, the plans and policies are King County plans and policies. Applicants proposing projects in one of the cities should check with that city. This list is provided in order to help applicants plan projects which are consistent with King County Consortium policies and which do not duplicate other efforts. It does not, however, pretend to be an exhaustive list of all applicable plans, policies, or requirements.

<u>PROJECT TYPE</u>	<u>RESOURCE PERSON</u>	<u>PLAN, POLICY OR REQUIREMENT</u>
HOUSING REHABILITATION	Housing Hotline 296-7640	<ul style="list-style-type: none"> o Intake and inspection processes o Housing Assistance Plan
HOUSING PLANNING	Melora Battisti 296-8647	<ul style="list-style-type: none"> o 1993 Comprehensive Housing Affordability Strategy (CHAS)
HOUSING DEVELOPMENT	Vincent Tom 296-8641	<ul style="list-style-type: none"> o CDBG Housing Projects o HOME Housing Projects
ECONOMIC DEVELOPMENT	Economic Development Office - 296-7605	<ul style="list-style-type: none"> o See pp 52-53 for a summary
PUBLIC (HUMAN) SERVICES		
o Health	Ben Leifer 296-4678	<ul style="list-style-type: none"> o Community Clinic consortium services o Health Services Program o Regulatory concerns regarding Health Issues
o Alcohol and Substance Abuse	Jackie Jamero-Berganio 296-7621	<ul style="list-style-type: none"> o Biennial Alcohol and Drug Plan o State regulations
o Youth Services	Jim Henning 296-5229	<ul style="list-style-type: none"> o Variety of program-specific policies
o Aging	Gene Brooks 296-5216	<ul style="list-style-type: none"> o Aging Program Funding policy
o Women's Program	Carole Antoncich 296-5240	<ul style="list-style-type: none"> o Women's Program Seed Funds Plan
o Development Disabilities	Carol Maurer 296-5214	<ul style="list-style-type: none"> o County and State Developmental Disabilities Plan; variety of program specific policies
o Mental Health	Lynn Davison 296-5210	<ul style="list-style-type: none"> o County Mental Health Plan; variety of program specific policies
o All Other	Cal Shirley 296-7689	<ul style="list-style-type: none"> o Dept. of Human Services policies/plans
CAPITAL PROJECTS		
o Community Facilities: zoning/building codes	County: Community planners (see list on following page); also Commercial/Multifamily Products	<ul style="list-style-type: none"> o Community Plans (County) o King County Codes

	Section, 296-6600 and Zoning, 296-6655	
	Cities: call City's Planning and/or Building Department	o City Plans and Codes
o Community Facilities: need for them	See Public Service Resource Persons, above	
o Parks	County: Greg Schrarrer 296-4133	o Recreation Facilities
	Cities: Call City's Parks Department	
o Streets, Walkways Architectural Barriers	County: Michael Meagher (school walkways) and Johnnie Walker (Roads) 296-6596	o School Walkways Program (County) o Six-Year Road Plan (County)
	Cities: Call City's Engineering Department	
o Water	County: Angelica Velasquez 296-8718	o King County Codes
	Cities: Call City	o City water plans/codes
o Sewer	County: Angelica Velasquez 296-8718	o King County Codes
	Cities: Call City	o City sewer plans/codes
REAL PROPERTY ACQUISITION	Vincent Tom 296-8641	o Federal requirements
DISPLACEMENT/ RELOCATION	Vincent Tom 296-8641	o Federal requirements o King County CDBG Displacement Policy
ENVIRONMENTAL REVIEW	Joyce Stahn 296-8648	o Federal requirements (may be additional state or local requirements)
MINORITY/WOMEN'S BUSINESS PARTICIPATION	Eric Wilcox 296-8638	o K.C. Ordinance 7789
FEDERAL WAGE RATES	Eric Wilcox 296-8638	o Federal requirements
FEDERAL PROCUREMENT	Joyce Stahn	o Federal requirements

STANDARDS 296-8648

LOW-MOD INCOME
BENEFIT DETERMINATION
FOR CDBG PROPOSALS

Jacqueline Toma
296-8670

o Federal requirements

COUNTY COMMUNITY PLANS - LEAD PLANNERS

o Burién	Steve Boyce	296-8605
o Shoreline	Steve Boyce	296-8605
o Northshore	Brad Liljequist	296-8666
o Bear Creek	Lori Grant	296-8615
o East Sammamish	Anne Knapp	296-8616
o Snoqualmie	Julie Shibuya	296-8613
o Vashon	Betty Capehart	296-8617
o Highline/SeaTac	Carol Chan	296-8622
o Federal Way	Sandra Towne	296-8606
o Soos Creek	Carol Lumb	296-8610
o Tahoma/Raven Heights	Julie Shibuya	296-8613
o Enumclaw	Gordon Thomson	296-8626
o Newcastle	Betty Renkor	296-8665
o Northeast Highline	Betty Capehart	296-8617

PASS-THROUGH CITIES CDBG CONTACT PERSONS

o Bothell	Pat Parkhurst	486-8152
o Des Moines	Eric Shields	878-8626
o Enumclaw	Dan Drentlaw	825-3591
o Issaquah	Carol Hoppler	391-1009
o Kent	Lin Ball	859-3390
o Kirkland	Annette Wine	828-1167
o Mercer Island	Deb Bigelow	236-3525
o Redmond	Lauren Kirby	643-4957
o Renton	Ron Shelley	235-2553
o SeaTac	David Osaki	878-9100
o Tukwila	Lynn Devoir	433-1843

OTHER CDBG ENTITLEMENT CITIES' CONTACT PERSONS

o Seattle	Dick Woo	684-0319
o Bellevue	Dee Arntz	637-6165
o Auburn	Al Hicks	931-3090
o Federal Way	Sheryl Trent	661-4015

8644

PART III.

LOCAL PROGRAM POLICIES

CHAPTER 5

COUNTY AND SMALL CITIES FUND: LOCAL PROGRAM POLICIES

The County and Small Cities Local Program Policies are intended to provide guidance to applicants for the County and Small Cities share of the Consortium's CDBG funds. These funds are estimated to total about \$2,578,534 in 1993. What follows is an explanation of how King County allocates the County and Small Cities CDBG funds, and the priorities and policies that will guide the review of proposals requesting those funds.

The reader will learn that the funds are "earmarked" so that countywide as well as regional or subregional projects have access to funds, and that within each region the funds for certain types of projects are targeted to Community Development Areas (CDAs). Applicants for the available funds will find that there are general guidelines for proposals as well as more specific allocation policies for specific activity categories.

Housing and the provision of critical public (human) services remain countywide priorities since in many cases these are best addressed on a countywide basis, and needs for community facilities or public improvements tend to be of more subregional or local importance. King County plans to continue offering the countywide housing repair and economic development programs.

Allocation of County and Small Cities Funds: Earmarks

Due to its large size, King County has annually "earmarked" its CDBG funds to the three geographic regions of the County, after reserving approximately half of the funds for projects addressing countywide (e.g., throughout unincorporated King County and the small cities, but generally not including the larger cities,) needs, or needs facing people in more than one region. The regional earmarks are established by the King County Council each year before applications are due.

The earmarks are determined using a formula which assures that CDBG funds reach all regions where low- and moderate-income people live. The formula is based on Census data for each region, and includes the small cities in each region.

The estimated 1993 regional earmarks are listed below. They will be updated in late summer to reflect changes due to city annexations, incorporations and revised 1992 population estimates.

Countywide ¹	\$1,289,267
Region:	
Northeast	487,313
Southeast	378,318
Southwest	<u>423,636</u>
Total County and Small Cities	\$2,578,534

¹ "Countywide" means primarily unincorporated King County and the small cities, not the larger cities which either have their own entitlements or take a "pass-through".

Eligible Geographic Areas

The smaller suburban cities and the nonprofits serving any of these cities' residents are eligible to apply for "County and Small Cities" funds, as are County agencies and nonprofits serving unincorporated King County residents. The smaller suburban cities which are eligible to compete along with the County agencies and nonprofits for "County and Small Cities" funds are: Algona, Beaux Arts, Black Diamond, Carnation,

Clyde Hill, Duvall, Hunts Point, Lake Forest Park, Medina, Normandy Park, North Bend, Pacific, Skykomish, Snoqualmie and Yarrow Point.

The 1984 Community Development Needs Assessment identified target areas for the allocation of CDBG funds. The study (1) assessed the need for countywide or regional programs serving low- and moderate-income populations, and (2) analyzed 1980 Census data to identify Community Development Areas, or CDAs. CDAs are areas having high concentrations of low- and moderate-income people; some of them include small incorporated cities. For each CDA, the study also identified and analyzed past improvement efforts, and identified remaining gaps and needs in services and facilities. King County's Community Development Needs Assessment is available in local libraries as well as through the Planning and Community Development Division. It is summarized briefly here.

- A. Many needs affect people Countywide. Since the majority of King County's low- and moderate-income persons are dispersed throughout all parts of the County in "pockets of poverty," King County's CDBG Program must address countywide needs for services and programs serving low- and moderate-income persons, in addition to making improvements in specific areas. Further, the survey of needs in CDAs and citizen input from past years CDBG community meetings showed certain recurrent needs of low- and moderate-income persons regardless of location. These needs, from emergency food and shelter to housing repair to jobs, can best be served by countywide programs.

- B. Other needs are specific to certain regions or subareas of the County. The Community Development Needs Assessment identified 15 areas that have high concentrations of low- and moderate-income people. These were termed Community Development Areas, or CDAs. Those CDAs with the highest absolute numbers as well as the highest percentages of low- and moderate-income persons are called primary CDAs. Primary CDAs are special target areas for public improvements and other localized projects in the CDBG program; depending on the specific service area of a proposed public improvement, the area is likely to meet the "Area Benefit" criteria of 51% low- and moderate-income people (see p. 9 for a discussion of Area Benefit criteria).

Table 3 lists the CDAs according to which region of the County they are in. Please note that some small cities are included in the CDAs. The map on the following page shows the three regions of King County and the CDAs within them.

8644

Insert map here in final version

TABLE 3: REGIONS, CDAs AND REGIONAL EARMARKS

<u>Region</u>	<u>CDAs</u>	<u>Funds Available (Regional Earmark)</u>	
Northeast	Primary CDAs:	Shoreline Snoqualmie Valley -- (including Cities of Carnation, Duvall, North Bend, Snoqualmie)	\$487,313
	Other CDAs	Eastside Kenmore	
Southeast	Primary CDAs:	Black Diamond/Enumclaw area (including City of Black Diamond)	\$378,318
	Other CDAs:	Maple Valley Timberlane/Benson and Kent-Kangley Roads	
Southwest	Primary CDAs:	Algona/Pacific* -- (including Cities of Algona and Pacific) White Center	\$423,636
	Other CDAs:	Airport Allentown Burien Federal Way Riverton/Riverton Heights Skyway Vashon	

* Algona/Pacific has been designated as a CDA since the completion of the consultant survey.

General Guidelines for County and Small Cities Fund Proposals

1. The County and Small Cities fund is not a Consortiumwide fund; it is intended to benefit residents of unincorporated King County and the small cities only. Applicants must document how they intend to limit services primarily to low- and moderate-income residents of unincorporated King County and the small cities. If applicants will be providing services to residents of Pass-through Cities, or to Seattle, Bellevue, Federal Way or Auburn, they must apply to each of these jurisdictions for funds and document the requests to those cities in their application under "Other Funds". (see page 35 for listing of resources). Exceptions will be made for emergency shelters and one-time only public service projects, which may serve residents of Pass-through Cities (see the public service policies on pp. 46-47).
2. Applications submitted by cities must have city council authorization, and those submitted by non-profits must have board authorization. A motion is sufficient. A copy of the council or board minutes of the meeting at which the motion was passed, or other evidence of authorization, must accompany the application. If other funds are also to be used in the project, the council or board authorization must also commit the other funds. If not, the project will be assumed to have no other funds committed to it, regardless of what is written on the application.
3. **Applicants are encouraged to submit no more than one capital proposal.** If an applicant still chooses to submit two, the City Council or Board must indicate which of the two is the higher priority. For small cities this includes any capital projects that will be implemented by the city, even if the city is not itself the applicant. Requests for public (human) services, and other ongoing programs, such as operating funds for small cities community centers, are not included in this limitation.
4. Preference will be given to proposals that benefit primarily low income residents as opposed to moderate income residents.
5. Proposals where the cost of administration is high (20% or more) in relation to the service or benefit provided will not be reviewed favorably.
6. Projects that would create new long-term public maintenance responsibility or other public financial obligations are discouraged; there must be adequate resources committed to operations and/or maintenance.
7. Projects for which other funding sources are available but have not been applied for will generally not be considered.
8. CDBG proposals should not encourage or support development of new neighborhoods. A proposal to expand water and/or sewer services, for example, should be limited to servicing existing low/moderate income communities or neighborhoods, and should not support general future development, unless the applicant can show that the new development will benefit primarily low- and moderate-income persons, such as the development of assisted housing. Any development must also be consistent with local zoning codes.
9. Previously funded agencies which did not meet contractual obligations, or projects for which the need is no longer apparent, will not be favorably considered. **This includes agencies which did not comply with federal audit requirements.**
10. CDBG proposals for housing development projects will not be considered as part of the CDBG application cycle. A Separate Request for Proposal process will be conducted in the fall of 1992.

Specific Policies by Activity Category**A. Housing Development Proposals**

Housing development proposals will not be solicited during the regular 1993 CDBG application cycle. Rather, \$400,000 in CDBG funds will be set aside in combination with other capital funds, including the Housing Opportunity Fund (HOF), the Emergency Shelter Grant Program (ESGP), and the new federal Home Investment Partnerships Program (HOME). These funds, estimated at \$4.113 million will be allocated based on a single, competitive request for proposal process. The funding cycle will begin with a pre-application due in November, 1992. During technical review of these pre-applications, tentative decisions will be made regarding the most appropriate source or combination of funds for the development project. Final applications will be due in January 1993 with funding awards announced in March.

This consolidation of housing funds will reduce the need for sponsors to submit 2 or 3 applications over the course of a year and maximize the flexibility of each funding source. The policies associated with each program are designed to address the range of housing need across King County. A single funding cycle will result in a more coordinated and integrated set of housing development projects.

B. Public (Human) Service Proposals

The CDBG funds available for public services are severely limited. The federal regulations impose a "cap" or "ceiling" on how much of the annual CDBG entitlement grant the King County Consortium may allocate to public service programs. This "ceiling," which is allocated partly by the County and partly by the Pass-through Cities, is 15% of the entitlement plus Program Income. The amount available under the ceiling has declined as the entitlement has declined. The funds available on an ongoing basis for public services in the County and Small Cities fund are estimated to be \$444,400 for 1993.

In the past, the King County CDBG Program has supported a wide range of public services. These have included critically needed services which no other County programs addressed (for example, operation of family emergency shelters) as well as services which supplemented those offered by existing King County programs (for example, the Women's Program, Youth Services, Health Department, etc.).

Given the decline in funds available, this wide range of services is no longer possible for the CDBG Program, and priority program areas have been established (see below). The CDBG Program nonetheless has difficulty maintaining the past level of services even in these priority areas.

Since public service funds are extremely limited, applicants are urged to consider other sources which could complement these funds. In addition to CDBG funds, King County receives a small entitlement under the McKinney Homeless Assistance Act for the Emergency Shelter Grants Program (ESGP) for use as matching funds for emergency shelters. Please see Appendix I for more information about this fund source.

Due to a change in the public service ceiling calculation the Consortium will have additional ceiling available. This additional ceiling will be used to fund one-time only public service equipment purchases. Agencies are encouraged to apply for these funds (see policy 3. below).

King County Policies

King County's policies for the limited CDBG funds available in 1993 are listed below. The seven policies apply to all public service proposals. The first policy specifies the program areas which are priorities for the County and Small Cities' CDBG funds as adopted in County Council Motion 7126.

1. Priority Program Areas

- a. **Family Emergency Shelters and Emergency Food.** Maintaining the County's system of emergency/transitional shelters for families and the Countywide emergency food distribution network is a major priority of the County and Small cities CDBG program. Priority for the CDBG operating fund resources will continue to be on shelters located in unincorporated King County and the small cities, so that County residents will not be forced to travel to the City of Seattle and further increase the client load of Seattle's shelters.
- b. **Other Housing-Related Services.** Continuing the provision of other housing-related public service programs (for example, housing counseling, public housing emergency services) is a priority of the County and Small Cities CDBG program.
- c. **Small Cities' Community Centers.** Continuing operating support for the existing CDBG-supported community centers in the small, low-income cities (e.g., Black Diamond, Pacific) is a priority for the County and Small Cities' CDBG program.

2. Non-priority Program Area

Other. These include services targeting specific groups not directly addressed by any other County programs, such as persons with sensory disabilities or limited English speaking minority groups. While these projects are not a priority, existing projects will be maintained if funds allow.

3. Due to a change in the way public service ceiling is calculated some additional funds may be available but the amount may fluctuate wildly from year to year. Therefore these funds will be allocated to one-time only requests, as opposed to initiating new on-going programs. One-time only requests will be accepted for equipment such as TDD phones, vans, furnishing, or play equipment. Staffing, maintenance/operations and computer equipment will not be eligible. The first priority for one-time only projects will be for requests from emergency shelter programs. Agencies will need to make a separate CDBG application for one-time only projects.
4. Within the above priorities, preference will continue to be given to programs which document benefit to predominantly low-income residents of the County and Small Cities, rather than moderate-income residents.
5. All programs must be designed to include groups with special needs, such as female-headed households, limited English speaking minorities, and persons with all types of disabilities. Applicants must indicate how their program is accessible to these groups.
6. Within the above priorities, preference will be given to proposals which emphasize direct delivery of services, or which demonstrate service improvements or innovative measures in operating the program.
7. Within the above priorities, preference will be given to proposals which provide a coherent means of increasing and/or restoring the self-sufficiency of its clients.
8. Applicants should be aware that ongoing public service programs, which are funded again for next year, will not be allowed to extend their current year's funds into the next year.

If a public service program which is not funded again for the next year finishes the current program year with unexpended funds, the agency will be allowed to apply for a contract extension in order to spend out the unexpended funds.

C. Community Facility Proposals

"Community facilities" are usually regional rather than countywide needs, although some facilities may be considered to address a countywide need if they serve more than one region of the county. The term refers to acquisition and/or capital improvements to centers for seniors or the handicapped, community health centers, and other facilities which house programs serving predominantly low- and moderate-income people. Equipment or fixtures are only included in this category if they are an integral part of the structure and/or can be permanently affixed. Equipment that is not permanently affixed is considered a Public Service (see one-time only equipment request on page 47). General purpose community facilities particularly those operated by cities or local community groups are difficult to make eligible because of the need to document that the facility is used primarily by groups serving low and moderate income people.

King County is only able to fund community facilities for which a legally-binding public interest in the facility can be established. This is because CDBG-funded facilities are considered federal property, and are therefore subject to restrictions in the change of use and federal property management requirements as well as the CDBG regulations. See Consortiumwide Policies A.3 and A.4 for the specific requirements.

Federal standards established by the Architectural Barriers Act to make buildings accessible to the handicapped must also be applied to all CDBG projects, including any new construction, rehabilitation or design of public facilities. Facilities must also be open to the general public, must include provision for services to the disabled, must not discriminate in use of the facility or the provision of services from the facility, and must not be used to promote religious purposes. See Consortiumwide Policy A.6.

Some non-profits may be able to obtain a Community Development Interim Loan (CDIL) for their community facility if they are able to secure an irrevocable letter of credit from a bank. Please refer to the CDIL policies at the end of this chapter and call the Community Development Section at 296-7540 or the Regional Policy and Planning Section at 296-7605.

Since applicants are only eligible for CDBG funds once every two years, careful project planning and development are essential. Please contact the Community Development Section at 296-7540 for technical assistance in project development.

Note: Operating and maintenance expenses of public or community facilities are NOT eligible with the exception of an eligible public (human) service activity. In addition CDBG funds may not be used for the acquisition of property or construction or rehabilitation of structures to be used for religious purposes or which will promote religious interests. This also means that facilities acquired or substantially improved with CDBG funds may not subsequently lease space to churches or other organizations using the space for religious purposes.

King County Policies

Please note that the Consortiumwide policies in Chapter 4 also apply. Applicants should also refer to the general guidelines on page 44.

1. Use of Facility: Community facilities proposals will only be considered if the applicant can document that one or more agencies will operate or currently operate from the facility and that the agency receives ongoing operating funds from either the state, city or county to serve low and moderate income people. The proposal must indicate what kind of legal arrangement exists between the owner of the facility and the agency providing services (if these are different entities). In addition, the proposal must indicate what other eligible groups will use the facility, how the space will be scheduled, and what kind of fees will be charged for use of

the facility. Please note that any income from the use or rental of a community facility, beyond what is needed for operation and maintenance of the facility itself, is CDBG program income and must be returned to the King County CDBG Consortium.

2. **Self-Sufficiency**: King County will only fund community facilities which can be reasonably assured to have enough ongoing operating funds to be self-sufficient. This is important because there is a federal requirement which restricts any future change of use for CDBG-assisted facilities for a given length of time (see policies A.3 and A.4), yet there are no CDBG funds available for operation or maintenance of facilities. Agencies proposing community facility projects must submit evidence of self-sufficiency (e.g., operating funds from the state, United Way, the county, or a city) with their application.
3. **Location/Accessibility**: King County encourages community facilities which are located in the unincorporated areas of the County or in the small cities (see pages 39-40 for a discussion of eligible geographic areas) and which are most accessible to County and small cities residents and the target population.

Community facilities located in other cities (e.g., Seattle, Bellevue, Federal Way, Auburn, and all Pass-through Cities) are considered only if it can be documented that they are a regional facility serving 50% or more County and/or small cities residents, and if they are also requesting CDBG funds or other support from the other city or cities in the region. Exceptions may be made down to 25% of clients for projects in other King County Consortium Pass-through cities provided that city is also contributing a proportional share of funds.

4. **Need**: King County will only fund community facilities for which there is a demonstrated need in the area. Applicants must explain why existing facilities in the area (the applicant's own as well as other agencies' facilities) are inadequate to meet the need. For example, applicants should state exactly what services are provided or will be provided at the facility and why the existing facilities in the area are not suitable.

Within each region, preference will be given to community facilities: 1) whose primary function is the provision of human services to low- and moderate income persons, 2) who can document the greatest unmet need, and 3) who demonstrate ability for long term use of the facility.

Requests to improve or expand facilities that received previous CDBG funding will be closely evaluated for need.

5. **Efficient Use of CDBG Funds**: CDBG funds are a dwindling resource, and must be teamed with other resources in order to maximize their benefit throughout the County. Therefore, King County requires applications to:
 - a. have other funds committed to the project; and
 - b. limit the request to \$150,000 or less.

Successful applicants are ineligible to apply the following year. Even after the second year, applications requesting additional funds for the same facility are discouraged and will compete less favorably. Non-profit agencies may receive funds for design without affecting their eligibility for future acquisition or rehabilitation funds. CDBG funds cannot be used for seed money.

King County will not fund community facilities beyond \$150,000 in any two years, so efficiencies in the project design as well as other funds committed to the project are usually imperative. Applicants are encouraged to develop a site plan which identifies current

and potential uses, space and facility needs, and a fundraising plan. Funds that are not spent within two years risk being recaptured and reallocated to more urgent needs.

6. Renovations and/or removal of architectural barriers: Renovating existing community facilities to be in compliance with Section 504 of the Rehabilitation Act of 1973 (as amended) is an eligible activity. For agencies requesting rehabilitation funds for this purpose, preference will be given to agencies that serve primarily low- and moderate-income County and small cities residents, especially agencies receiving County funds to provide the services. Funds will not be provided solely for construction of handicapped accessibility requirements in new facilities; funding handicapped accessibility for new facilities should be included as part of the total cost for new facility design and/or construction, regardless of source of funds.

D. Public Facility or Improvement Proposals

"Public facilities or improvements" are generally local needs rather than countywide needs. The term refers to the acquisition, construction, reconstruction, rehabilitation, or installation of the following: parks, utilities, water or sanitary sewer facilities, street and sidewalk improvements, storm drainage facilities, etc. Proposals for parks and walkways must address handicap accessibility.

These projects are usually implemented by local governments (a city or County department) or special purpose districts, although private utilities are also eligible. A public improvement proposal must meet the "Area Benefit" requirements on page 9, unless it is able to target individual low-and moderate-income households (such as a proposal for individual side sewer loans), in which case it must meet the "Direct Benefit" requirements on p. 10.

King County Policies

Proposed projects will be reviewed according to the Consortiumwide policies in Chapter 4 and King County's General Guidelines on page 44, as well as the specific policies below. The policies below recognize that public facilities or improvement projects are generally expensive, and that the scarce CDBG dollars must be allocated in such a way as to both target those areas where the need is greatest as well as maximize the effectiveness of the available dollars.

1. Location: Within each of the three regions of the County, proposed public improvements located in the Community Development Areas (CDAs), especially in the Primary CDAs, which are target areas for community development activities, will generally have a higher priority than public improvements proposed for other areas within the same region, even if both meet the area benefit criteria. For more information on Primary CDAs, see pages 39-40, "Eligible Geographic Areas".
2. Need: There must be evidence of need for the project. For example, a small city proposing a water project could submit, as evidence of need, an excerpt from its current (adopted in the past five years) water plan which designates the proposed project as a high priority. In addition, those proposed projects which can document that they address serious and immediate health and safety needs will generally have a stronger argument for need than other public improvement proposals. Projects which demonstrate that the following conditions exist will be considered to have the most urgent need:
 - a. the project is designed to alleviate existing conditions which pose a serious and immediate threat to the health and welfare of the community; and
 - b. the conditions are of recent origin, or recently became urgent ("recent" means that the conditions must have first developed or become critical within 18 month preceding the application for funds); and
3. Local Effort: Applicants are required to show local effort in raising funds to meet their needs. It is to the applicant's advantage to show additional local effort to the greatest extent possible. Applicants must explain and justify their local efforts in the application. Local effort may include: 1) cash committed by the City Council in the annual budget process, 2) committed grant or loan funds from other federal or state and local private sources, and 3) non cash contributions to which a monetary value may be reasonably determined. Non-cash contributions must be directly usable and applicable to the project being proposed. An unacceptable, non-cash contribution would be the value of the city-owned land the city proposes to use CDBG funds to develop into a park. NOTE: Please see the special restrictions on CDBG assistance for projects involving assessments, page 27.

4. **Eligibility:** Applicants are eligible to receive CDBG funds for public improvements no more than once every two years unless one of the following conditions can be met:
- a. The proposed project is designed to address an emergency condition which has developed in the preceding 12 months, and which poses a serious and immediate threat to the health and welfare of the community; or
 - b. The proposal is for a joint project developed with and benefitting at least two jurisdictions.

E. Continuing Countywide Programs: Housing Repair and Economic Development

Housing repair and economic development are continuing programs operated by King County and are supported in whole or in part with CDBG funds.

1. Housing Repair

Due to the complexity of federal regulations and reporting requirements in these types of programs, proposals from non-profit organizations to fund separate housing programs are not generally encouraged. Citizens noting unmet needs or gaps in service are instead encouraged to call Kevin Chan, at 296-8652 to discuss these needs. Existing county programs may be able to address these needs.

The rising costs of homeownership often strain the budgets of both low-and moderate-income homeowners. Low-income homeowners in particular can have difficulty paying for needed maintenance of their homes, deferring repairs until they are even more costly or it is too late. Yet maintenance and repair of the existing housing stock -- both owner-occupied as well as affordable rentals -- is critical not only to the well-being of individual households but to the continued availability of affordable housing in King County over the longer term. For example, in 1987 nationwide, more housing units were lost than were gained, despite continuing population growth.

A major priority of King County's CDBG program is to continue funding its countywide housing repair programs. King County's CDBG program funds a range of low-interest loan and grant programs, tapping a variety of sources for loan funds in order to address the different needs of different people throughout the County. These programs are described below.

All of these programs are available to residents of unincorporated King County and the Small Cities. Residents of Pass-through Cities may also be eligible, depending on the city. For more information, or to apply for housing repair assistance, please call the Housing Hotline at 296-7640.

Program Name	Assistance Provided
Housing Hotline (296-7640)	This service provides a central point of contact for King County residents who seek housing information and who wish to apply for one of King County's housing rehabilitation programs described below.
Housing Repair	This program provides both emergency grants of up to \$1,500 (\$2,700 for mobile homes) and deferred payment, zero-interest loans of up to \$13,500 to low-and moderate-income homeowners. Priority is given to low-income homeowners, and to critical repair needs necessary to protect health and safety. Loan repayments return to this fund.
Affordable Monthly Payment. Loan (AMPL)	This program provides housing repair loans at low interest rates (3% to 6%) which are affordable to moderate income homeowners. This is accomplished by subsidizing interest rates of a private lender or combining CDBG or other federal funds with a private lender in the form of a no interest deferred payment loan. Most home repairs are eligible. When repaid, the federal funds return to this program.

Rental Rehabilitation Loan

King County operates a Rental Rehabilitation Program. This program provides low-interest, deferred payment loans to rehabilitate low-income rental units in the King County consortium. Owners agree to keep rents affordable. This program matches funds from private lenders with no-interest federal funds. When repaid, the federal loan funds return to this program.

2. Economic Development

King County's Economic Development Office, funded with both CDBG and County current expense funds, offers technical assistance as well as low-interest loans to businesses throughout King County outside of Seattle. The list below summarizes the different programs or funds available; the emphasis is on projects which would create or retain jobs, especially for low- and moderate-income people. Citizens or businesses interested in any of the programs should contact the Economic Development Office at 296-7605.

Program Name

Program Purpose/Eligible Projects

A. Loans and Loan Guarantees

7-A Loan Guarantee Program (Small Business Administration)

Loan guarantees for small business, long-term financing for land/buildings, equipment, and working capital.

504 Loan Program (Small Business Administration)

Loans to existing small businesses for expansion projects, providing long-term, fixed-rate financing for land/buildings, equipment.

Industrial Revenue Bonds

Low interest, long-term loans for land/ buildings, equipment for manufacturing firms.

Community Development Interim Loan (CDIL)

Short term, low-interest loans to finance land/buildings, equipment, working capital. The CDBG program provides the funds for this program. Projects must document that a majority (51%) of the jobs created or retained will be held by or available to low- and moderate-income people. Loan repayments and interest return to the Consortiumwide CDBG fund (for more information, see the CDIL policies on the following page.).

B. Technical Assistance

Business District Revitalization Program

Planning and technical assistance to business districts serving low and moderate income communities throughout unincorporated King County and the smaller cities to help them develop and implement revitalization strategies.

Assistance obtaining Infrastructure

Technical assistance to help business districts obtain low-interest grants and loans to construct sewer, water,

Grants and Loans

road improvements. Funding sources include Economic Development Administration, Community Economic Revitalization Board, Farmers Home Administration, Public Works Trust Fund and HUD Section 108 Loan Fund. (See also the CDBG policies for public improvements, p. 51-52 above). Projects typically must create or retain jobs.

CHAPTER 6

THE PASS-THROUGH CITIES FUNDS: LOCAL PROGRAM POLICIES

The Pass-through Cities have developed their own Local Program Policies to guide the allocation of their share of the Consortium's CDBG funds. While each city can use the funds to address needs specific to their jurisdiction, it is recognized that some needs are inter-jurisdictional or consortiumwide and in fact are best addressed on a consortiumwide level. Examples of this include the emergency shelter system and the food distribution network which serve the entire County. Other needs may be subregional and best addressed on that basis.

Cities' local program policies must include a policy that the city has considered these consortiumwide needs and how they can best address these needs through a coordinated funding approach with other jurisdictions and the County and Small Cities fund.

The Pass-through Cities and their telephone numbers are:

Bothell	486-8152
Des Moines	878-8626
Enumclaw	825-3591
Issaquah	391-1009
Kent	859-3390
Kirkland	828-1167
Mercer Island	236-3525
Redmond	643-4957
Renton	235-2553
SeaTac	878-9100
Tukwila	433-1843

The Local Program Policies of each of the above Pass-through Cities follow, in alphabetical order. Applicants should remember that the Consortiumwide policies in Chapter 4 also apply to the Pass-through Cities.

APPENDIX 1

OTHER FUNDING SOURCES

King County Housing Opportunity Fund

The King County Housing Opportunity Fund (HOF) provides matching capital for the development of housing to meet the urgent needs of King County's homeless, displaced, and special needs populations. (Historically HOF has been funded between \$2 and \$3 million a year since its inception. It is based on the County's Real Estate Excise Tax.) Funds will be distributed through a request for proposal (RFP) process in the spring. If there are undistributed funds from this process, a second RFP will be issued in the fall.

The HOF can provide up to 50% of project costs with a maximum contribution per housing unit depending on unit size. Eligible applicants include nonprofit organizations for-profit businesses (new construction only), local government and public housing authorities. HOF funds may be used for new construction, acquisition, rehabilitation and project development cost.

People who live in HOF funded housing must have household incomes at our below 50% of County median and fall into one or more the of the following categories:

- o Low-income families and seniors at risk of displacement
- o Homeless families and individuals, including youth
- o Special needs groups, including: people who are mentally ill; those with developmental disabilities, victims of domestic violence and their children; people with AIDS; alcohol and substance abusers; the frail elderly.

The fund source for the HOF, real estate excise tax collected from residents of unincorporated King County, places some restriction on the use of the funds. The most notable restrictions are:

- o HOF funded projects must be able to document services to residents of unincorporated areas.
- o If the project is located within a city, matching funds from the city are required.
- o King County must secure a "property interest" in projects which may include, but is not limited to: (1) taking title to the property and/or improvements, (2) entering into a lease/leaseback transaction, or (3) entering into an interlocal cooperation agreement with governmental agencies or public housing authorities.

For more information contact Christina Narr, Housing Development Specialist, at 296-8698.

Emergency Shelter Grant Program

The purpose of this program is to help improve the quality of emergency shelters for the homeless, to help meet the cost of operating emergency shelters, and to provide services to homeless individuals, so that these individuals have access not only to safe and sanitary shelter, but also to the supportive services and other types of assistance they need to improve their situations.

Eligible Activities

1. Renovation, major rehabilitation, or conversion of buildings for use as emergency or transitional shelters for the homeless.
2. Homeless prevention activities including:
 - o Efforts to prevent homelessness such as payment of delinquent rent or utilities if:
 - a. the inability of the family to make the required payment is due to a sudden reduction in income;
 - b. the assistance is necessary to avoid eviction or termination of services;
 - c. there is a reasonable prospect that the family will be able to resume payments within a reasonable period of time; and
 - d. the assistance will not supplant funding for pre-existing homeless prevention activities from other sources.
 - o Provision of first and last month's rent and deposits to enable homeless families to transition out of shelter programs to permanent housing.
3. Provision of essential services to the homeless.
4. Maintenance and operation of a shelter program.

ESGP funds are very limited and the exact amount varies each year. Past grants have been in the range of \$4,000 to \$25,000. King County plans to issue an RFP in November of 1992 with applications due in December. For more information call Vince Tom at 296-8641.

Community Development Interim Loan (CDIL) Policies

The Community Development Interim Loan (CDIL) program loans CDBG funds to businesses and other eligible recipients on a short term interim (one to three years) basis. These interim loans provide jobs for low and moderate income residents and earn interest income for the CDBG program. The loans are made only for projects which can meet standard CDBG eligibility requirements. Eligible activities include economic development and other capital projects. CDIL's are not available for public (human) service or planning projects.

A. Federal Requirements for the CDIL

CDIL projects are similar to other CDBG projects in that they must meet certain federal requirements. All CDIL projects must meet the following federal requirements:

1. The three threshold requirements of the CDBG program must be met; see Chapter 1. This includes (a) implementing an eligible project, (b) meeting a national objective and (c) being an eligible subrecipient. Generally meeting a national objective requires that primary benefit must accrue to persons from low- and moderate-income households. For example, if jobs are created, at least 51% of the jobs must be available to persons from low- and moderate-income households. If jobs are retained, 51% must be held by persons from low- and moderate-income households. These jobs and the family income of the persons holding them must be documented. Private for-profit businesses are eligible only for economic development activities.
2. All CDIL projects must demonstrate that the use of CDBG funds is necessary and appropriate. Projects must be able to document a financial need for CDBG funding through analysis of financial statements and/or pro formas.
3. All loan funds must be secured by an unconditional, irrevocable letter of credit from an acceptable financial institution.
4. Construction projects must comply with Davis-Bacon and Related Acts (prevailing wage rate law).

B. King County CDBG Consortium Policies for the CDIL

In addition to federal requirements for the CDIL, the King County Consortium has accepted the following guidelines for selecting projects:

1. **Maximize Number of Jobs Created/Diversify and Expand the Tax Base**

In general, the more jobs created the better. However, the type of job is also important. Jobs which export goods or services outside of our region have more economic benefit than those which meet only local needs. Proposals will be required to identify the type of business expansion anticipated and total private investment leveraged. To reiterate the federal requirements, there is an emphasis on jobs for persons from low-and moderate-income households.

2. **Maximize Program Income**

The King County Consortium is interested in maximizing its return on the loan of CDBG monies. In general, the higher the negotiated interest rate, the greater the probability of being selected for funding. Historically King County has sought to achieve a net savings of two

points from the borrower's customary cost of funds. The rate of drawdown and fund utilization also has a direct bearing on interest earned by King County. Therefore, all other factors being equal, preference will be given to those projects which utilize the loan funds quickly, thereby increasing the program income earned by King County.

3. Social Benefits May Offset Program Income Objectives

Projects which result in significant social benefits will also receive serious consideration. A lower interest rate can be negotiated if the borrower demonstrates that social benefits offset the public cost of accepting a lower rate of return.

4. Encourage Projects Located in King County and the Consortium Cities

If the other key aspects of proposals are similar, consideration will be given to project location. Projects inside the City of Seattle, which has its own CDBG Program, will not be considered unless benefit to King County residents can be demonstrated. Similarly, projects inside the cities of Seattle, Bellevue, Auburn and Federal Way will be given lower priority, since these cities also have their own CDBG Programs.

5. Public Notification

The County will publicly advertise the availability of CDIL funds on a regular basis; that is, once a year if funds are available for lending. Application, however, may be made at any time and proposals will be addressed on a first come, first served basis. The public will be notified of any proposed loan through a public notice in newspapers and the final decision on the loan will be made by the King County Council in a meeting open to the public.

C. King County Council Requirements for the CDIL

In addition to the federal requirements and the Consortium policies, the King County Council has adopted the following requirement:

- o CDIL projects will comply with King County affirmative action policies and procedures.

MOTION 8644

A. FUNDS AVAILABLE IN 1993

B. THE 1993 ADMINISTRATIVE SETASIDE

**DISCUSSION OF THE ASSUMPTIONS USED TO
DETERMINE 1993 CDBG ADMINISTRATION
BUDGET REQUEST**

C. 1993 CDBG POLICY PLAN