

CITY OF BELLEVUE
HUMAN SERVICES COMMISSION
MINUTES

June 21, 2011
6:30 p.m.

Bellevue City Hall
City Council Conference Room 1E-113

COMMISSIONERS PRESENT: Chairperson Beighle, Commissioners Bruels, Habib, Perelman, Plaskon, Stout, Yantis

COMMISSIONERS ABSENT: None

STAFF PRESENT: Emily Leslie, Alex O'Reilly, Joseph Adriano, Kimberly Walker, Department of Parks and Community Services

GUEST SPEAKERS: None

RECORDING SECRETARY: Gerry Lindsay

1. CALL TO ORDER

The meeting was called to order at 6:35 p.m. by Chair Beighle who presided.

2. ROLL CALL

Upon the call of the roll, all Commissioners were present with the exception of Commissioner Plaskon, who arrived at 6:40 p.m., and Commissioner Yantis, who arrived at 6:44 p.m.

3. PETITIONS AND COMMUNICATIONS – None

4. STAFF AND COMMISSION REPORTS

Commissioner Stout noted that she and most of the other Commissioners attended the Alliance of Eastside Agencies lunch event at which Councilmember Chelminiak was given the Outstanding Public Official award.

Human Services Manager Emily Leslie said the Council at its June 20 meeting talked about the Veterans and Human Services Levy and after some discussion voted to consider the possibility of taking a position on the levy, which will be on the August ballot. The Council will conduct a limited public hearing on the topic on July 5 following which they will make a decision to support the levy, not support the levy, or not take any position at all.

Human Services Planner Alex O'Reilly reported that she is currently engaging staff from various city departments to gain their insights relative to needs they are seeing in the community. She said to date she has met with police department staff, code enforcement staff, community centers staff, and finance department staff.

Chair Beighle introduced new Commissioner Cyrus Habib. Commissioner Habib said he grew up in Bellevue, attended Bellevue schools, and owing to being blind has in the past been the recipient of human services. He also stated that his mother had once been a member of the Commission.

The Commissioners and staff took a moment to introduce themselves to Commissioner Habib.

5. DISCUSSION

A. Review of 2011 Community Development Block Grant (CDBG) Funding Contingency Plan

Grant Coordinator Joseph Adriano reminded the Commissioners that during the summer of 2010 the Commission acted to develop a recommendation relative to the use of CDBG funds for 2011. The funding amounts were approved by the City Council in the fall of 2010. As part of the approval process, the Commission devised a contingency plan because the exact amount of the federal grant was unknown. It was expected, however, that Bellevue would have CDBG funds totaling \$880,807; of that amount, \$780,807 was from the federal award, and \$100,000 from program income. In April the city received from the federal government an estimate that its award would be just a little over \$654,000, though it was estimated that the program income would be close to \$161,000, somewhat more than projected. In the final analysis, Bellevue has \$816,242 available to allocate.

Mr. Adriano said the contingency plan approved by the Commission left most of the programs alone; it primarily affected only three programs: ARCH, through the Housing Trust Fund; the City of Bellevue Major Home Repair Program; and the Senior Services Minor Home Repair Program. The Commission concluded that the difference between the expected allocation and the actual allocation for 2011 should be applied proportionally to those three programs. By applying the provisions of the contingency plan, the allocation for ARCH is reduced from \$78,033 to \$68,986; the allocation to the Major Home Repair Program is reduced from \$422,645 to \$373,646; and the allocation to the Minor Home Repair Program is reduced from \$56,234 to \$49,715.

In addition, the federal government requires caps on the amount of CDBG funds that can be used for public services and for administration. Because the federal award was less than anticipated, the CDBG funds allocated to Public Services and to Administration also must be reduced. Accordingly, the allocation to Jewish Family Service for the Refugee and Immigrant Services Program is reduced from \$82,196 to

\$72,509, and the allocation for administration is reduced from \$42,546 to \$33,361. Mr. Adriano noted that the Commission had decided on an overall allocation to Jewish Family Service, with part of the funding from the General Fund and part from the CDBG award. He said it was his understanding that the reduction in the CDBG allocation to the agency would need to be made up from the General Fund. Ms. Leslie said a final determination had not yet been made relative to making the agency's allocation whole, but suggested that because there is usually a positive balance in the Human Services Fund it should be possible to make up the difference.

Commissioner Stout said she assumed that most of the program income available for allocation was tied to the Major Home Repair Program. She asked if the city has been tied up in any foreclosure action on homes in the Major Home Repair Program. Ms. O'Reilly said she was aware of one pending foreclosure that had not yet been acted on; in that case, the amount is under \$10,000. Program director Sam Ezadean has been actively working with families that might be facing foreclosure and directing them to HUD programs and others where they might be able to find help in modifying their loans. [Note: Program Income is not necessarily tied to Home Repair Program].

B. SUBJECT: CDBG – 2012

Mr. Adriano said CDBG funds are allocated through the United States Department of Housing and Urban Development. Included in the city's annual CDBG allocation are the federal award, sometimes called the entitlement, and program income that is derived primarily through repayment of loans made through the home repair program. The CDBG allocation since about 2005 has been steadily decreasing, though there was a slight increase in the 2009 allocation and a marked increase in 2010. It is always difficult to accurately predict how much will come in through program income.

There are certain eligible activities for which CDBG funds can be used. Typically Bellevue has allocated CDBG funds for the acquisition of real property for the development of affordable housing; public facility improvements; public services or human services; rehabilitation of homes; administration and planning; and special activities by community development agencies. The latter are economic development activities carried out by Hopelink, which is the designated community development agency in the community. The process of allocating CDBG occurs annually. In years when CDBG funds are expected to be flat lower, the Commission generally requests application updates from agencies funded in previous years as opposed to conducting an open application process; the approach is taken to avoid putting agencies through a process of applying for funds when it is known there will be no new dollars to allocate.

Mr. Adriano said for 2012 the projection is for a federal award of about \$524,000 and program income close to \$100,000. He noted that six applications updates had been received. He asked the Commission to determine a preliminary funding recommendation for each but added that the Commission must condition its recommendations on having the applicants successfully passing an environmental

review which is required by HUD. The Commission will also be asked to develop a contingency plan recommending award revisions based on receiving more or less CDBG funds than anticipated. The Commission must conduct a public hearing on the preliminary funding recommendations, following which the recommendations can be finalized and forwarded to the City Council for action.

Ms. Leslie pointed out that the YWCA Family Village and Jewish Family Service's Refugee and Immigrant Service Center programs were funded for two years and as such are already funded for 2012.

Mr. Adriano noted that the anticipated decrease in the federal CDBG allocation for 2012 amounts to around 23 percent or 24 percent and suggested the Commission may want to consider a similar funding reduction across the board. He stressed, however, that the Hopelink Employment Program is fairly small relative to some of the other programs and is relatively close to what was requested. Additionally, if the allocation for administration were to be retained at the 2011 level, the expected decrease in the CDBG allocation would need to be borne by ARCH, the Home Repair Programs, and Planning.

Commissioner Plaskon asked how the agencies are supposed to go about doing an environmental review. Ms. O'Reilly explained that the city must conduct the environmental review on behalf of the agencies/clients. The process is quite involved and is done at the expense of the city. The process is aimed at ensuring that any work done as part of projects funded with federal money does not violate any of HUD's rules.

Mr. Adriano said HUD's audit of the city's practices found that some projects done under the Minor Home Repair Program actually exceeded the federal definition of what "maintenance activities" are; HUD also directed that some additional steps be added to the Major Home Repair Program.

Answering a question asked by Commissioner Yantis, Mr. Adriano said the base amount of \$412,000 allocated to ARCH has been fairly consistent since the mid-1990s. There are other funding sources that go into the annual Housing Trust Fund, such as loan repayments and interest earned, that has flexed the amount to as much as \$800,000.

Commissioner Yantis asked if any applications for either of the home repair programs had to be turned down for lack of funding. Ms. O'Reilly allowed that there is a waiting list for the Major Home Repair Program because the application requests exceeded the funding in the program. The Minor Home Repair Program is able to serve about 110 households annually.

Commissioner Yantis said if the city had a larger annual allocation to ARCH, it would be easier to propose not funding the agency at all with CDBG dollars and using them instead to fund the Major Home Repair Program. As it is, the CDBG allocation to

ARCH amounts to around ten percent of the total funding going to that program from the city. He allowed that the allocation to ARCH could be cut in half, which would mean only about a five percent reduction for ARCH and a boost for the Major Home Repair Program.

Commissioner Plaskon commented that while ARCH is a program that seeks to develop new affordable housing, the Major Home Repair Program works to preserve existing housing. The Major Home Repair Program has the added benefit of keeping people in their homes, many of whom are older residents.

Mr. Adriano said the fact is the current downward trend relative to CDBG funds could become the norm in the coming years. As such, it may be necessary to think about zeroing out some programs and drastically cutting back on others. One approach would be to decrease the allocation to ARCH by 20 percent, decrease the allocation to the Major Home Repair Program by 16 percent, leave the allocation for Administration unchanged, reduce the allocation for planning by about 24 percent, and reduce the Minor Home Repair Program by 24 percent, which may be consistent with losing the projects HUD says goes beyond minor repairs. The other option would be to consider elimination of the Hopelink Employment Program.

With regard to the ARCH application, Chair Beighle noted that the agency receives money from the General Fund as well, which puts it into a category separate from all of the other CDBG programs.

Commissioner Habib asked if the ability of a program to use other sources to leverage their shortfall can be used by the Commission as a contributing factor for consideration an allocation reduction. Chair Beighle allowed that the Commission absolutely can take those factors into consideration.

Commissioner Yantis suggested reducing the ARCH award for 2012 to half of the 2011 award.

Mr. Adriano said reducing the ARCH award by half, zeroing out the Hopelink Employment Program, reducing the Minor Home Repair Program by 24 percent, and reducing the allocation for planning by 24 percent, would leave the Commission \$368,863 to allocate.

Chair Beighle said one option would be to zero out ARCH. The CDBG allocation to the program has been less every year and soon will be nothing anyway. She said she would rather see the funds given to the Major Home Repair Program. Mr. Adriano clarified that ARCH is able to carry over its funding from year to year before putting it into a project. In addition to constructing new affordable housing units, ARCH also uses its funds to preserve housing stock.

Commissioner Stout said ARCH takes advantage of opportunities to preserve housing as they arise. She said she would not want to reduce the capacity of the agency to act on short notice.

Commissioner Habib suggested ARCH could lose funding from other cities as well and asked if an action by Bellevue to zero them out could influence other funders to follow suit. Ms. Leslie said no other cities are putting CDBG dollars into ARCH; funding from other cities flows from their general funds.

Ms. Leslie pointed out that the allocation for Administration is in fact a reimbursement to the city for the staff time needed to administer the CDBG program and contracts. She said if the allocation for 2012 were to match the allocation for 2011, it would still be under the cap amount. However, symbolically it would look better to reduce the Administration allocation somewhat.

Commissioner Bruels noted that the ARCH application included the notation that there are no specific projects in mind for the CDBG funds. He also pointed out that the Major Home Repair Program actually has a waiting list and funding that program instead would mean the money would go into affordable housing much sooner.

Commissioner Stout commented that while ARCH may not have a specific project in mind, they need to have money in hand in order to act quickly to preserve housing as opportunities arise. One of the strengths of ARCH is its ability to step in and figure out the incredibly complex financing packages that are necessary to preserve housing.

Commissioner Yantis proposed reducing the Administration allocation by 15 percent, cutting ARCH by 50 percent, and reducing the Hopelink allocation by 24 percent. Mr. Adriano said that would leave \$316,816 left to allocate. Commissioner Yantis said he would give the balance to the Major Home Repair Program.

Commissioner Habib asked if it is known how many of the Major Home Repair Program applicants who are turned away or turned down end up finding the funding they need from some other source. Ms. O'Reilly said most who qualify for the loan but are turned away due to lack of funding are willing to wait; most of them are cash strapped and are unlikely to qualify for a loan from another lender. Most clients indicate having tried other sources before coming to the Major Home Repair Program.

Commissioner Habib allowed that he was just learning about most of the programs, but suggested that the poundwise thing to do would be to continue investing in employment training programs that will ultimately give people access to incomes and other sources of lending. He suggested the need for a balance between short-term need and long-term benefits.

Commissioner Stout agreed but pointed out that most who receive assistance through the Major Home Repair Program are in fact seniors. Commissioner Habib said it still would be a good idea to keep a mix of programs funded.

Chair Beighle noted that the city funds some employment programs with general funds. Ms. Leslie said the Hopelink program is funded as part of the Adult Education Program. The idea behind getting the Employment Program into the CDBG side of things was to help diversify their funding base.

Commissioner Yantis suggested another option would be to start with reducing the ARCH allocation by half and then take an equal percentage from all of the other applicants. He said that approach would not drastically change the numbers for the Major Home Repair Program, but would actually bring up some of the others.

The Commission agreed to take a short break to allow staff to adjust the spreadsheet data in line with the allocation suggestions made.

Following the break, Ms. Leslie reminded the Commissioners that their recommendation would be considered preliminary only. The public hearing will be conducted on July 19 during which the agencies will be afforded the opportunity to comment. The Commission will then review the numbers again before reaching a final decision regarding the specific allocations and the contingency plan.

With regard to the contingency plan, Commissioner Plaskon said if the federal allocation is larger than expected, the Major Home Repair Program should be made whole first.

Commissioner Yantis said if less funding than projected is received, the contingency plan should zero out both ARCH and the Hopelink Employment Program.

Mr. Adriano explained that if the allocation to ARCH were reduced by 50 percent, and if the balance of the applications were reduced by 18.19 percent, the total allocation would only be off by \$9.

Motion to recommend an allocation of \$24,047 for the Hopelink Employment Program was made by Commissioner Yantis. Second was by Commissioner Bruels and the motion carried 4-3, with Commissioners Plaskon, Bruels, Stout and Yantis voting for, and Chair Beighle and Commissioners Perelman and Habib voting against.

Motion to recommend allocations of \$34,498 to ARCH, \$316,815 for the Major Home Repair Program, \$28,000 for CDBG Administration, \$89,099 for CDBG Planning, \$37,774 for the Minor Home Repair Program, and \$24,047 for the Hopelink Employment Program was made by Commissioner Plaskon. Second was by Commissioner Bruels and the motion carried unanimously.

Motion to recommend allocating any part of up to \$20,000 over and above the anticipated federal award to the Major Home Repair Program, any part of up to the next \$10,000 to ARCH, and any part of the remainder divided proportionately between CDBD Administration and Planning; and to reduce proportionately or eliminate the funding for the ARCH and Hopelink Employment applications in the event the federal award is less than estimated, and to reduce proportionately all remaining programs to match the actual federal award reduction, was made by Commissioner Plaskon. Second was by Commissioner Stout and the motion carried unanimously.

- 7. OLD BUSINESS – None
- 8. NEW BUSINESS – None
- 9. PETITIONS AND COMMUNICATIONS – None
- 10. ADJOURNMENT

Chair Beighle adjourned the meeting at 8:40 p.m.

Secretary to the Human Services Commission

Date

Chairperson of the Human Services Commission

Date