

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	Executive Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

a. Legislation Title:

AN ORDINANCE relating to funding for housing and community development programs; adopting The City of Seattle 2017 Annual Action Plan to the 2014 – 2017 Consolidated Plan for Housing and Community Development and authorizing its submission to the United States Department of Housing and Urban Development; authorizing acceptance of grant funds from that department for programs and activities included in the Annual Action Plan; amending Ordinance 125207, which adopted the 2017 budget, by modifying appropriations to various departments and budget control levels in the 2017 Adopted Budget; and lifting a proviso; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

b. Summary and background of the Legislation:

This legislation adopts the 2017 Annual Action Plan to the 2014 – 2017 Consolidated Plan for Housing and Community Development and authorizes its submittal to the US Department of Housing and Urban Development (HUD). The Consolidated Plan governs the use of the City's annual allocation of funds from several programs in HUD. In total, the funds amount to approximately \$15 million, which are used to provide services, housing, and facilities to low- and moderate-income persons, businesses and neighborhoods. The legislation authorizes the acceptance of these funds.

HUD provides annual allocations to the City from four of its programs. These allocations differ from the estimated allocations that were included in the 2017 Adopted Budget; the net difference from the Adopted Budget is shown in parentheses:

- Community Development Block Grant, \$8,848,381 (-\$133,987)
- Community Development Block Grant Program Income, \$1,350,000 (+\$950,000)
- HOME Investment Partnerships, \$2,397,161 (-\$91,310)
- Housing Opportunities for Persons with AIDS, \$2,032,386 (+\$248,760)
- Emergency Solutions Grant, \$808,890 (-\$10,960)

To receive the annual allocations, jurisdictions must submit a Consolidated Plan, which describes the policies governing the City's use of these funds, and an annual allocation plan which identifies the specific uses of the funds for a particular program year. Funds are allocated to the Human Services Department, Office of Housing, Office of Economic Development, Office of Immigrant and Refugee Affairs, and the Department of Parks and Recreation to fund core services and support activities, such as homeless shelters, preservation and development of affordable housing, homelessness and affordable housing planning and research, investments in

community and economic development to support small businesses and microenterprises, job training and creation, and park improvements.

2. CAPITAL IMPROVEMENT PROGRAM

a. Does this legislation create, fund, or amend a CIP Project? Yes No

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Project Cost Through 2022:
Parks Upgrade Program	K732422	Citywide	Ongoing		\$9,518,390

Note: This legislation funds the above project based on the existing adopted spending plan. There are no changes to the adopted CIP page.

3. SUMMARY OF FINANCIAL IMPLICATIONS

a. Does this legislation amend the Adopted Budget? Yes No

Budget program(s) affected:	General Fund \$		Other \$	
	2017	2018	2017	2018
Appropriation change (\$):			\$962,503	
Estimated Revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2017	2018	2017	2018
			\$962,762	
Positions affected:	No. of Positions		Total FTE Change	
	2017	2018	2017	2018

Note: The changes in appropriations are net of the changes for all the HUD grant programs and mostly consist of a one-time increase in Program Income. The revenue increase is larger than the appropriation increase, because funds budgeted for contingency partially offset changes in the CDBG program. There are detailed tables showing the changes from the 2017 Adopted Budget for appropriations and revenues below, in sections 3d and 3e.

b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
No.

c. Is there financial cost or other impacts of *not* implementing the legislation?
Not implementing this legislation will cause the City to forgo approximately \$15 million in federal assistance that supports services and community development activities for low- and moderate-income persons in Seattle. The City would be faced with reducing or eliminating services and/or using General Fund to provide the services.

3.d. Appropriations

X This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/##*	2017 Appropriation Change
Community Development Block Grant 17810	Executive	CDBG – Office of Housing (17810-6XZ10)	\$201,485
Community Development Block Grant 17810	Human Services Department	CDBG – Human Services Department (17810-6HSD10)	\$752,960
Community Development Block Grant 17810	Executive	CDBG – Office of Economic Development (17810-6XD10)	(\$352,822)
Community Development Block Grant 17810	Department of Parks and Recreation	Parks Infrastructure (17810-CIP) (17810-K72441)	\$214,390
Human Services Operating Fund 16200	Human Services Department	Division of Homeless Strategy and Investment (16200-H30ET)	\$237,800
Low Income Housing Fund / HOME Subfund 16400	Executive	Low Income Housing Fund 16400 (16400-XZ-R1)	(\$91,310)
TOTAL			\$962,503

Significant Changes:

One-time CDBG:

- At the beginning of 2017, an unexpected sale of a property originally purchased in part with Federal Urban Renewal funds increased the total CDBG Program Income estimated to be received during 2017. This additional one-time increase in CDBG Program Income frees up entitlement funding for one-time expenses.
- OED is a one-time reduction resulting from an upcoming Substantial Amendment to repurpose old CDBG to projects identified for 2017 that are eligible to use the old CDBG funds. The future Substantial Amendment in OED combined with these one-time changes will have no impact to the operations of the ongoing programs.

Ongoing HOPWA:

2017 is the first year for implementation of the new HOPWA fund distribution formula. This new formula allocation method will be phased in over 5 fiscal years starting with 2017 in which

no grantee will received a less than a 5% loss or 10% increase from the prior year; barring impacts in appropriation levels by Congress. The old formula was determined using cumulative AIDS cases and is not based on individuals living with HIV or AIDS.

Appropriations Notes:

The 2017 Adopted Budget contains estimates of these revenues. This legislation provides the actual revenue numbers and adjusts the appropriations in the Adopted Budget to match the actual numbers.

Fund Name & Appropriation Source	2017 Adopted Appropriation	2017 Actual Approp.	Difference
CDBG Main Fund (17810): Community Development Block Grant Program entitlement	\$8,982,368	\$8,848,381	(\$133,987)
CDBG Main Fund (17810): 2017 Program Income & recapture exceeded estimates	\$400,000	\$1,350,000	\$950,000
Low Income Housing Fund / HOME subfund (16490): HOME Investment Partnership Program entitlement	\$2,488,470	\$2,397,161	(\$91,310)
Human Services Operating Fund (16200): Housing Opportunities for Persons with AIDS Program	\$1,783,626	\$2,032,386	\$248,760
Human Services Operating Fund (16200): Emergency Solutions Grant Program	\$819,850	\$808,890	(\$10,960)
TOTAL	\$14,474,315	\$15,436,818	\$962,503

3.e. Revenues/Reimbursements

X This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2017 Revenue
CDBG Main Fund (17810)	CDBG	US HUD Community Development Block Grant Program entitlement	\$8,848,381
CDBG Main Fund (17810)	CDBG	2017 Program Income & recapture exceeded estimates	\$1,350,000
Low Income Housing Fund / HOME subfund (16490)	Office of Housing	US HUD HOME Investment Partnership Program entitlement	\$2,397,161
Human Services Operating Fund (16200)	HSD	US HUD Housing Opportunities for Persons with AIDS Program	\$2,032,386
Human Services Operating Fund (16200)	HSD	US HUD Emergency Solutions Grant Program	\$808,890
TOTAL			\$15,436,818

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Ongoing HOPWA:

2017 is the first year for implementation of the new HOPWA fund distribution formula. This new formula allocation method will be phased in over 5 fiscal years starting with 2017 in which no grantee will received a less than a 5% loss or 10% increase from the prior year; barring impacts in appropriation levels by Congress. The old formula was determined using cumulative AIDS cases and is not based on individuals living with HIV or AIDS.

Revenue/Reimbursement Notes:

The 2017 Adopted Budget contains estimates of these revenues. This legislation provides the actual revenue numbers and adjusts the appropriations in the Adopted Budget to match the actual numbers. The revenue increase is larger than the appropriation increase, because funds budgeted for contingency partially offset changes in the CDBG program. The table below shows the revenue changes from the 2017 Adopted Budget.

Fund Name & Revenue Source	2017 Adopted Revenue	2017 Actual Revenue	Difference
CDBG Main Fund (17810): Community Development Block Grant Program entitlement	\$8,982,110	\$8,848,381	(\$133,729)
CDBG Main Fund (17810): 2017 Program Income & recapture exceeded estimates	\$400,000	\$1,350,000	\$950,000
Low Income Housing Fund / HOME subfund (16490): HOME Investment Partnership Program entitlement	\$2,488,470	\$2,397,161	(\$91,310)
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TOTAL	\$14,474,056	\$15,436,818	\$962,762

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**
Yes, other departments receive an allocation from one or more of these funds for program operations. Most changes from the 2017 Adopted Budget are reflected in the Office of

Economic Development. A future Substantial Amendment to reallocate and recapture prior year funding in OED combined with these changes will result in no impact to the operations of the ongoing programs. The other departments affected by this legislation are:

- Office of Housing
- Office of Economic Development
- Department of Parks and Recreation
- Office of Immigrant and Refugee Affairs

b. Is a public hearing required for this legislation?

Yes, a hearing before the Affordable Housing, Neighborhoods and Finance Committee is expected on July 19, 2017.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

Yes, publication is required in *The Daily Journal of Commerce*. HSD staff will send the public hearing notice to the DJC in time to provide 14-day advance notice.

e. Does this legislation affect a piece of property?

No

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

Programs and activities supported by these funds are specifically intended to benefit low- and moderate-income and homeless persons and families. These persons and families are disproportionately underserved and from communities of color. Economic and community development activities will specifically target historically disadvantaged neighborhoods and business districts and are described in more detail in the budget chapters of each of the departments.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

Most programs are on-going. However, CDBG received an unexpected increase in Program Income that frees up CDBG entitlement for one-time activities in 2017 without a reduction in funding for on-going activities. As of June 2017, \$1.3 million of CDBG Program Income has been received, with an estimated additional \$50,000 expected during the rest of the year. The additional CDBG entitlement funding from the unexpected increase in Program Income plus the one-time reduction in Office of Economic Development to the 2017 CDBG entitlement provides funding for the following one-time activities:

- CDBG Administration: Improve efficiencies and compliance for administration of the programs and technical assistance in implementation of new HUD requirements.
- Health Care for the Homeless: Lazarus Day Center and Casa Latina improvements identified through the 2017 Adopted Budget are not eligible for CDBG. Therefore, a fund swap of General Funds from an existing “Health Care for the Homeless” project allows CDBG to fund all three projects as awarded.
- Community facility capital improvements: Increase for Pathways Home RFP.
- HMIS Scan Card System Implementation: Partial funding of Homeless Management Information System (HMIS) Scan Card System (will not meet full need for implementation). The Scan Card System will increase efficiencies in our Continuum of Care’s homeless service delivery system, help to ensure data quality by reducing the number of duplicate records, and increase agency staff capacity to provide client-centered services. Scan cards allow each person receiving services to be scanned for documentation of services.
- Park improvements (i.e. ADA accessibility): provide for additional park improvements targeting ADA accessibility.