

**Date:** November 18, 2020

**To:** Seattle City Council

**From:** Jason Johnson, Interim Human Services Director, Human Services Department

**Subject:** Briefing on 2021 Draft Annual Action Plan

At the December 9, 2020 Finance and Neighborhoods Committee you will be briefed on the draft 2021 Annual Action Plan (AAP) which lays out the activities proposed to receive Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), Housing Opportunities for People Living with AIDS (HOPWA) and Emergency Solutions Grant (ESG) federal funds. This represents the anticipated allocations for the fourth year of the 2018-2022 Consolidated Plan adopted by the City on 8/6/2018 as [Ordinance 119311](#). The Consolidated Plan and its annual action plans are documents required by HUD in advance of the City's receipt of funds from four of its programs. The 2021 City Adopted Budget is built on assumptions of grant revenue. The actual grant allocation amounts will not be known until Congress completes its budget process for 2021 (see estimated 2020 revenue below).

In 2018, HUD instructed federal grantees not to submit Consolidated Plan or Annual Action Plans until final grant allocations are confirmed. Those instructions remain in effect according to HUD for 2021 grants. This committee briefing and public hearing will allow the City to incur "pre-award costs" starting January 1, 2021 as needed according to HUD regulations. When HUD releases the final grant awards, HSD will return to the committee with the legislation required to adopt the final 2021 AAP and approve submission.

Program	2020 Adopted Budget	Anticipated 2021 Award	Difference
Community Development Block Grant (CDBG) Entitlement	\$9,588,335	\$9,588,335	\$0
Community Development Block Grant (CDBG) - Program Income	\$827,462	\$827,462	\$0
HOME Investment Partnership - Entitlement	\$3,390,613	\$3,390,613	\$0
HOME Investment Partnership - Program Income	\$1,000,000	\$1,000,000	\$0
Emergency Solutions Grant (ESG):	\$805,090	\$805,090	\$0
Housing Opportunities for Persons with AIDS (HOPWA)	\$2,300,618	\$2,300,618	\$0
<b>Total</b>	<b>\$17,912,118</b>	<b>\$17,912,118</b>	<b>\$0</b>

**CONTEXT:**

In 2021 we anticipate receiving a total of approximately \$17.9 million from these fund sources from the US Department of Housing and Urban Development, including program revenue. Of this, the total available CDBG is \$10,415,797 which includes \$827,462,000 in anticipated program income. The total HOME program funding is \$4,390,613 including \$1,000,000 of anticipated program income.

The Consolidated Plan informs HUD about the City's strategies for using these funds over the five-year period covered by the Plan, while the Annual Action Plan provides an allocation plan for a specific year's funds. The allocations for program year 2021 in the Annual Action Plan are consistent with the 2021 Operating Budget adopted by the City Council in November. The CDBG program is the most flexible of the four funds.

The 2021 Annual Action Plan proposes to continue using CDBG to fund activities to provide for services to homeless persons and families; develop and retain affordable housing; provide for economic development opportunities for neighborhoods and individual businesses and job training for certain persons; and improve neighborhood parks. HOME funds are also dedicated to developing and preserving affordable housing. ESG funds are used by the Human Services Department to support shelter, outreach and homelessness prevention program. HOPWA funds are used to provide housing and case management for persons with AIDS and their families.

CDBG funds in 2021 will continue to support efforts by the Office of Housing, Office of Economic Development, Human Services Department, Parks and Recreation Department, Office of Immigrant and Refugee Affairs and the Equitable Development Initiative in the Office of Planning and Community Development. CDBG and HOME funds in 2021 will continue to support efforts in the Office of Housing to increase access to affordable housing.

Significant policy and funding changes will impact 2021 programs: 1) the update of the Housing Levy Administration and Financial Plan and Policies; 2) the transition to the new King County Regional Homelessness Authority (KCRHA) during 2021; and 3) changes in the approach to Economic Development funding 4) Receipt of \$38.2M CDBG-CV and ESG-CV CARES Act funding

- **Housing Policy:** Seattle's Office of Housing (OH) updated the Housing Levy Administration and Financial Plan and Housing Funding Policies in 2019, for program years 2019-2020. This biennial update applies to the taxpayer-approved Housing Levy passed in 2016, which includes \$290 million for affordable housing over a span of 7 years. As part of the 2019-2020 update, the Office of Housing standardized affirmative marketing requirements for City-funded affordable housing developments. The update also created policy around the use of community preference in City-funded affordable housing developments in areas at high risk of displacement. The City has developed community preference guideline in consultation with several department including the Office for Civil Rights and stakeholders. Several non-profit housing developers have expressed interest in implementing community preference outreach in their upcoming projects. The next anticipated review of Levy policies will occur in 2021.
- **Homeless Services Consolidation with King County:** Seattle's Human Service Department's (HSD) 2020 investments in homelessness response project increases in the numbers of households served (it's important to note that Covid-19 will play a major role in increased numbers), as well as increases in the rates of permanent housing exits, notably among key focus populations (Black/African American and American Indian/Alaska Native households). In 2021, the City will continue to build on this impact, aligning and merging contracts with King County and our region's Continuum of Care to create a new King County Regional Homelessness Authority (KCRHA). This new Inter Local Agreement (ILA) will provide a strategic, unified regional response to homelessness. We expect the KCRHA to be operational in early 2021 (Q1 or Q2).
- **Economic Development Policy:** The COVID-19 pandemic has taken its toll on the economy around the world, and while Seattle has historically had a strong economy, the starting point is that prosperity has not been broadly shared across racial groups. Similarly, the impacts of the pandemic are unequally felt by Black, Indigenous, and People of Color (BIPOC), with higher unemployment rates and mortality due to COVID-19 infections. The current challenges are particularly poignant for our BIPOC small business community, particularly members from low-income neighborhoods. In 2020, OED launched new

programs to assist business owners to weather the pandemic and, of note, received a dramatic increase in funding for the Small Business Stabilization Fund to help respond to the current reality. This program is continued in 2021.

- **CARES Act Funding:** The City received \$38.2M in additional federal funding from HUD and will allocate those dollars **through substantial amendment of the 2019 Annual Action Plan** per HUD requirements. Council approved the first 2019 AAP amendment through Ordinance 126105. A second amendment to reflect total CARES Act funding is anticipated in early 2021. Activities included: emergency rent assistance and small business grants to owners with low and-moderate- incomes and with businesses serving areas at high risk of economic displacement even before the pandemic. Approximately \$23m of ESG-CV and \$5.7m CDBG-CV will be allocated via RFQ to temporary, non-congregate shelter, Rapid Re-housing and Diversion activities.

Activities proposed for funding in 2021 are:

<b>Project Name</b>	<b>Amount</b>	<b>Source</b>
HSD 2021 CDBG Administration and Planning	\$1,203,516	CDBG
HSD 2021 Homeless Services	\$3,176,228	CDBG
HSD 2021 Mt. Baker Family Resources Center	\$345,502	CDBG
ESG 2021 Seattle	\$805,090	ESG
2020 - 2023 City of Seattle WAH20-F001 (SEA) HOPWA	\$2,300,618	HOPWA
HSD 2021 Minor Home Repair	\$449,917	CDBG
OH 2021 Home Repair Revolving Loan Program	\$605,462	CDBG
OH 2021 Admin & Planning	\$160,972	CDBG & HOME
OH 2021 Homebuyer Assistance Revolving Loan Program	\$222,000	CDBG PI (Revolving Loan Program)
OH 2021 Rental Housing Preservation & Development	\$4,390,613	CDBG & HOME (incl. PI)
OED 2021 Small Business Support	\$1,364,000	CDBG
OED 2021 CDBG Small Business Grants (Round 3)	\$1,000,000	CDBG
OIRA 2021 Ready to Work (ESL program)	\$650,200	CDBG
OPCD 2021 Equitable Development Initiative	\$430,000	CDBG
Parks 2021 Seattle Conservation Corps Park Upgrades	\$808,000	CDBG
<b>Total:</b>	<b>\$17,912,118</b>	