

July 19, 2021

MEMORANDUM

To: Finance and Housing Committee
From: Aly Pennucci, Policy and Budget Manager
Subject: Seattle Rescue Plan 2 - Update

On August 3, 2021, the Finance and Housing Committee (Committee) will consider the Seattle Rescue Plan 2 (SRP-2) legislation that will accept and authorize spending targeted aid from the American Rescue Plan Act (ARPA) and the Consolidated Appropriations Act, 2021. In advance of consideration of SRP-2 legislation on August 3, this memorandum provides: (1) background information; (2) describes SRP-2; and (3) outlines the next steps for the Committee's consideration of SRP-2 legislation.

Background:

On March 11, 2021, [H.R. 1319 \(ARPA\)](#) became law. Passed by the United States Congress, ARPA includes approximately \$1.9 trillion for COVID relief programs across the country. ARPA allocated \$219.8 billion of direct aid (Coronavirus Local Fiscal Recovery (CLFR) funds) that provides flexible funding to eligible state, territorial, metropolitan city, county, and Tribal governments. The City's share of that CLFR funds is \$232 million; the federal government transmitted \$116 million to the City in 2021 and the City anticipates receiving the second half in mid-2022. In addition, APRA includes billions of dollars in targeted aid for specific purposes, such as emergency rental assistance.

On June 21, 2021, the Council passed two ordinances (ORDs) that together comprised SRP-1 (ORD [120093](#) and [120094](#)). SRP-1 authorized spending about \$128 million in 2021 to support Seattle's recovery from the COVID-19 emergency, backfill revenue, and authorize \$25 million of general fund to provide direct cash assistance to households disproportionately impacted by the COVID emergency. This included accepting \$116 million of CLFR funds for a variety of uses, and \$12.2 million of HOME grant funds for homelessness and housing investments.

At the time SRP-1 was passed, the Committee anticipated a second package (SRP-2) to accept and authorize spending other targeted ARPA funds allocated to the City. As of July 19, we anticipate that the SRP-2 legislation will accept and authorize spending of over \$50 million in targeted aid for rental assistance programs, support for seniors, and transportation projects and services. This includes some funds authorized through the Consolidated Appropriations Act, 2021 ([H.R. 133](#)), authorized by Congress in December 2020, for transportation spending in addition to ARPA funds. Additional targeted aid, as well as more pass-through funds from the State, are anticipated to be remitted to the City later this year. Any further grants, if received in 2021, will be included in SRP-3 that will be transmitted as part of the 2021 Proposed Budget.

SRP-2

The targeted aid to be included in SRP-2 and spending proposals that may be included in the legislation are described below. These grants are targeted for specific uses; the descriptions below are based on initial discussions with the City Budget Office and Departments for use of these funds consistent with use restrictions specific to each grant and may be modified prior to introducing legislation. Modifications will be based on feedback from Chair Mosqueda and the Committee, and input from departments as they refine their proposals based on other work underway related to the City's COVID response and recovery efforts. Please see the next steps section of this memo if councilmembers wish to discuss specific proposals for use of this targeted aid.

Emergency Rental Assistance 2 (ERA-2)

ERA-2 includes funds for emergency rental and utility assistance programs that the City has received from ARPA in 2021. This is in addition to the \$22.3 million allocated to the City through the Consolidated Appropriations Act, 2021, received earlier this year. The Council passed [ORD 126307](#) on April 12, 2021, accepting and authorizing spending the \$22.3 million for emergency rental assistance (ERA-1).

ERA-2 in ARPA provides up to \$21.55 billion for ERA to states, territories, and local governments. [ERA-2 allocated through ARPA](#) can be used to provide financial assistance to eligible households, not to exceed 18 months, including the payment of rent; rental arrears; utilities and home energy costs; utilities and home energy costs arrears; and other expenses related to housing, as defined by the Secretary; as well as housing stability services, administrative costs, and other affordable housing and eviction prevention activities. The City has received a grant from the ERA-2 of 28.7 million in 2021 that could be used to increase spending for rental assistance programs similar to those authorized by the Council in April through ORD 126307. This includes:

1. Contracting with community-based agencies that have an established track record of serving communities that (1) have been disproportionately impacted by COVID-19; and, (2) have a disproportionate need for rental assistance; and that have experience in managing rent assistance and/or homeless prevention dollar;
2. Contracting with the United Way of King County for the purposes of rent assistance, homelessness prevention services, and associated administration costs, including proactive outreach to landlords who may be struggling with mortgage debt, regarding availability of rental assistance funding; and

3. Allocating funds to the Office of Housing to provide funding to housing providers for rent assistance, homelessness prevention services, and associated administration costs, for publicly subsidized rent- and income-restricted affordable housing units.

Older Americans Act (OAA)

The City will receive over \$7 million of OAA funds in 2021 that are suballocated from the State to the Human Services Department's (HSD) Aging and Disability Services, which is the Area Agency on Aging for King County. OAA dollars can be used for seniors' supportive services, congregate meals, home delivered meals, preventative health, family caregivers, and vaccine access. Congress expanded the eligible uses of OAA funds in ARPA to allow the funds to address social isolation, including (a) activities for investments in technological equipment and solution or (b) other strategies aimed at alleviating negative health effects of social isolation due to long-term stay-at-home recommendations for the duration of the COVID-19 public health emergency.

HSD is currently conducting outreach with the senior community that is informed by strategic planning performed by the State that determines the funding allocations based on the demographic profile of the area. HSD further refines the specific strategic needs of the community; that work is underway in HSD, including:

- Partnering with the Mayor's Council on African American Elders, Area Agency on Aging for Seattle and King County Advisory Council, and King County Department of Community and Human Services to strategically plan and coordinate services between agencies to ensure the needs of the senior community are being addressed.
- Engaging with the older adult community through surveys, ezine/newsletters, and virtual events (Civic Coffee Hour/Close to Home);
- Meeting with network providers to hear the feedback they are receiving from their community forums and the regular meetings they hold with communities. These providers work with senior population groups including LGBTQ elders, Refugee and Immigrants, and BIPOC elders; and
- Gathering input from state and federal legislator's staff who hear from their constituents' concerns, as well as reaching out to municipal planners in King County, regional human services coalitions.

The Council memorialized their intent in the SRP-1 legislation (ORD 120093) to allocate at least \$1.5 million of the ARPA OAA funds to increase contracts for contracted providers serving seniors in 2021, with a focus on addressing senior isolation and other impacts of the pandemic. The Council anticipates that SRP-2 will implement this intent.

Transportation

1. *Federal Transit Administration Small Starts Projects: Madison Bus Rapid Transit: \$10.9 million:* The Seattle Department of Transportation (SDOT) will receive \$10.9 million of ARPA funding for the Madison Street Bus Rapid Transit (BRT) project.¹ The funding does not count toward statutory Federal or FTA Capital Investment Grants funding limitations, but rather is meant to assist project sponsors with their local match. SDOT plans to charge all eligible expenses for the Madison BRT in 2021 to this grant.
2. *Federal Transit Administration (FTA) Supplemental Public Transportation Urbanized Area Apportionment: \$2.6 million:* This grant is the second round of funds allocated through the Consolidated Appropriations Act, 2021 that provides pandemic-related funding for the FTA's Public Transportation Urbanized Area Apportionment. The award amounts are determined by formula based on ridership and approved and distributed to transit agencies by the Puget Sound Regional Council (PSRC).² These funds are limited to backfilling public transportation agencies for revenue lost due to the pandemic and can be used toward operations and maintenance costs. Like the round of funding the City received in 2020, these funds can be used in SDOT for the Streetcar and Seattle Center for the Monorail.

Next Steps

Staff is working with the City Budget Office to draft the SRP-2 legislation for introduction on August 2, 2021. Discussion and potential vote in the Committee is scheduled for August 3. Central Staff will work with Chair Mosqueda to consider including specific direction on use of these funds in the legislation in advance of introduction. If councilmembers have specific policy direction they would like included in the bill, or considered as an amendment on August 3, please contact central staff to discuss potential language or amendments by Tuesday, July 27.

cc: Dan Eder, Interim Director

¹ The 2.3-mile east-west BRT line along Madison Street from downtown Seattle to the Madison Valley neighborhood in the east, with connections in First Hill, Capitol Hill, and the Central Area.

² See [PSRC's website](#) for additional details on the regional distribution of these funds.