

August 2, 2022

## MEMORANDUM

**To:** Seattle City Council  
**From:** Amy Gore, Analyst  
**Subject:** CB 120388: 2022 Annual Action Plan

---

On Tuesday, August 9, City Council will hold a public hearing and potentially vote on [Council Bill \(CB\) 120388](#). This bill would: (1) adopt the [Final 2022 Annual Action Plan](#) (AAP), (2) approve its submittal to the U.S. Department of Housing and Urban Development (HUD), (3) authorize the acceptance of grant funds and (4) amend [Ordinance 126490](#), which adopted the 2022 Budget. Due to an impending HUD deadline, this legislation has been referred directly to City Council.

This memo describes the purpose of Annual Action Plans, HUD adoption requirements, the Final AAP and proposed Council Bill, and next steps.

### Background

#### Annual Action Plan

The AAP is adopted annually by City Council and submitted to HUD. The Plan describes how the City will spend four federal grants: Community Development Block Grants (CDBG), Housing Opportunities for People with AIDS (HOPWA), Emergency Solutions Grants (ESG) and Home Investment Partnerships Program (HOME) funds. The City generally uses the funds as follows:

- CDBG funds are used to provide services to homeless persons and families; develop and retain affordable housing; provide for economic development opportunities for neighborhoods and individual businesses and job training; support the goals of the Equitable Development Initiative; and improve neighborhood parks.
- HOME funds are dedicated to developing and preserving affordable housing.
- ESG funds are used to support shelter, hygiene services, and rapid re-housing.
- HOPWA funds are used to provide short- and long-term rental assistance in addition to costs related to acquiring housing.

The AAP is guided by the City's [5-Year Consolidated Plan for Housing and Community Development](#) and should be consistent with the City's annual adopted budget.

## AAP Adoption Requirements

Because the annual grant program entitlements are generally not known until the congressional appropriations in the first quarter of each calendar year, HUD has developed a two-step process for submitting AAPs. First, a jurisdiction develops a draft AAP based on an estimate of grant funding. This draft plan is subject to a public comment period and requires the City to hold a public hearing before submitting the draft Plan to HUD prior to the subject year. For the 2022 AAP, this step was taken in December 2021.

After the annual entitlements are determined by Congress, the City updates and finalizes the Plan to reflect these appropriations. The City allows for additional public comment and holds a second public hearing. The final Plan is then approved by the Council and submitted to HUD by HSD. For the 2022 AAP, this step is proposed to happen on August 9, 2022.

Adhering to this process allows for “pre-award spending” so that the City can spend grant funds during the period between the draft and final plans and before HUD begins distributing the funds, allowing for the uninterrupted provision of services.

### **Final 2022 AAP and CB 120388**

On December 7, 2021, the Finance and Housing committee held a public hearing and discussed the [Draft 2022 Action Plan](#).<sup>1</sup> Based on estimated federal appropriations, the 2022 Draft AAP included a total of \$18.6 million in grant entitlement, program income, and prior year resources from the four grants governed by the AAP<sup>2</sup>. The final entitlements, program income, and prior year resources are \$19.4 million, a net increase of \$747,200.

- CDBG – The final 2022 CDBG entitlement is \$9.4 million, slightly higher than the anticipated \$9.2 million. Program income remained \$400,000, and there is \$793,897 of prior year resources for a total of \$10.6 million in CDBG funds.
- HOME – The final 2022 HOME entitlement is \$3.6 million, slightly higher than the anticipated \$3.3 million. Program income remained \$1.0 million, for a total of \$4.6 million in HOME funds.
- ESG – The final 2022 ESG entitlement is \$801,427, consistent with the anticipated \$801,321.
- HOPWA – The final 2022 HOPWA entitlement is \$3.4 million, higher than the anticipated \$3.1 million.

---

<sup>1</sup> See memo from HSD [here](#).

<sup>2</sup> The Draft AAP omitted \$793,897 in prior years CDBG funding from the summary table on Page 17; however, these funds were included in anticipated project spending.

The Final AAP has been revised to reflect the 2022 funding amounts. The following projects have increased funding:

- Administration and Planning (HSD) – increase of \$48,820
- Emergency Solutions Grant program (HSD) – increase of \$106
- Housing Opportunities for People with AIDS (HSD) – increase of \$206,832
- Minor Home Repair (HSD) – increase of \$145,744
- Administration and Planning (Office of Housing) – increase of \$34,610
- Rental Housing and Preservation (OH) – increase of \$311,488

*Table 1. Changes to Project Funding from Draft AAP to Final AAP*

Project	2022 Draft AAP	2022 Final AAP	Change
1. HSD Human Services Admin & Planning	\$1,012,527	\$1,060,947	\$48,420
2. HSD Homeless Services (KCHRA subrecipient grants)	\$3,151,628	\$3,151,628	\$0
3. HSD Homeless Services (KCHRA admin)	\$24,600	\$24,600	\$0
4. HSD ESG	\$801,321	\$801,427	\$106
5. HSD HOPWA	\$3,150,304	\$3,357,136	\$206,832
6. HSD Community Facilities - Clinic Development	\$1,000,000	\$1,000,000	\$0
7. HSD Mt Baker	\$155,734	\$155,734	\$0
8. HSD Minor Home Repair	\$449,917	\$595,661	\$145,744
9. OH Home Repair Revolving Loan Program	\$605,462	\$605,462	\$0
10. OH Homebuyer Assistance Revolving Loan Program*	\$222,000	\$222,000	\$0
11. OH Office of Housing CDBG Admin & Planning	\$160,972	\$160,972	\$0
12. OH Rental Housing Preservation and Development Revolving Loan Program	\$366,435	\$366,435	\$0
13. OH Office of Housing HOME Admin & Planning	\$330,442	\$365,052	\$34,610
14. OH Rental Housing Preservation and Development HOME Program	\$3,973,985	\$4,285,473	\$311,488
15. OED Small Business Support	\$1,364,000	\$1,364,000	\$0
16. OIRA ESL for Work (Ready to Work)	\$650,200	\$650,200	\$0
17. OPCD Equitable Development Initiative 0	\$430,000	\$430,000	\$0
18. PARKS Seattle Conservation Corp Park Upgrades	\$808,000	\$808,000	\$0
<b>Total</b>	<b>\$18,657,527</b>	<b>\$19,404,727</b>	<b>\$747,200</b>

\*Project 9 was erroneously listed with \$315,004 in the Draft Plan.

CB 120388 would adopt the Final 2022 AAP as described above. It would also authorize submission of the Final AAP to HUD, approve acceptance of the grant funds, and amend the 2022 Adopted Budget to reflect the changes above. The legislation would go into effect 30 days after signing but includes a ratify and confirm clause which would allow HSD to submit the adopted AAP to HUD by August 15.

The proposed legislation reflects the City's goals and plans as expressed in the City's [Adopted 5-Year Consolidated Plan for Housing and Community Development](#) and the 2022 Adopted Budget. The Council could modify the proposed legislation to provide support to eligible activities that the Council believes are of a higher priority.

### **Next Steps**

A public hearing and vote on CB 120388 are scheduled for the August 9<sup>th</sup> City Council meeting. If you have any questions about the Final AAP or the legislation, please contact me at your earliest convenience.

cc: Esther Handy, Director  
Aly Pennucci, Deputy Director  
Asha Venkataraman, Lead Analyst