

April 30, 2020

## MEMORANDUM

**To:** Seattle City Council  
**From:** Amy Gore, Analyst  
**Subject:** CB 119785: 2020 Annual Action Plan for Federal Grants

---

### Overview

A public hearing is scheduled for Monday, May 4 on [Council Bill \(CB\) 119785](#). This bill would: (1) adopt the [Final 2020 Annual Action Plan](#) (AAP or the Plan), (2) approve its submittal to the U.S. Department of Housing and Urban Development (HUD), and (3) amend [Ordinance 126000](#), which adopted the 2020 budget. The funds administered through the Plan are in addition to the federal grants from the CARES Act that are being considered in [CB 119783](#) and scheduled to be voted on during the May 4 City Council meeting. These funds and their proposed appropriation are discussed in Central Staff's April 28, 2020 memo.

Taking action on this legislation complies with [Proclamation 20-28.1](#) in that it is both "routine and necessary" and because it is part of the City's response to the COVID-19 public health emergency. This memo describes the Plan and the adoption process, as well as next steps.

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

### AAP Adoption Process

Because the annual program entitlements are generally not known until the congressional appropriations in the 1<sup>st</sup> 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 that a public hearing be held before City Council submits the Plan to HUD prior to the subject year. After the annual entitlements are determined by Congress, the City then 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 acted on by the Council and submitted to HUD by the Human Services Department (HSD). 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.

The first public hearing on the draft 2020 AAP was held on [December 12, 2019](#) in the Finance and Neighborhoods Committee..

## 2020 Grant Entitlements and Program Income

The draft 2020 AAP anticipated a total of \$19.3 million in annual entitlements, program income, and carry-forward funds from previous years. The total funds in the final 2020 AAP is \$25.8 million; the changes in sources of funds from the anticipated 2020 funding are as follows:

- **CDBG** – The CDBG entitlement for 2020 increased from an anticipated \$9.2 million to \$9.6 million. Program income increased from \$400,000 to \$2.8 million due to continued growth of the revolving loan funds managed by the Office of Housing (OH). The prior year resources increased from \$2.3 million to approximately \$2.9 million with the addition of extra funding for COVID-19 small business support.
- **HOME** – The HOME entitlement for 2020 increased from an anticipated \$3.0 million to \$3.4 million.
- **HOPWA** – The HOPWA entitlement for 2020 increased from an anticipated \$2.6 million to \$2.9 million. An additional \$4.9 million in prior year resources is included in the final plan because the HOPWA funds are distributed through a request for proposals (RFP) process issued biennially. (Note: Prior year funds are not included in the Funding Uses table below due to HUD requirements, but will become part of the HOPWA RFP issued later in 2020.)
- **ESG** – The ESG entitlement for 2020 increased from an anticipated \$805,090 to \$820,644.

*Table 1: Comparison of Draft AAP and Final AAP Funding Sources*

Draft AAP				
Funding Source	2020 Entitlement	2020 Program Income	2020 Prior Year Resources	Total
CDBG	\$9,199,533	\$400,000	\$2,300,000	\$11,899,533
HOME	\$3,043,164	\$1,000,000	\$0	\$4,043,164
HOPWA	\$2,600,883	\$0	\$0	\$2,600,883
ESG	\$805,090	\$0	\$0	\$805,090
<b>Total</b>	<b>\$15,648,670</b>	<b>\$1,400,000</b>	<b>\$2,300,000</b>	<b>\$19,348,670</b>
Final AAP				
Funding Source	2020 Entitlement	2020 Program Income	2020 Prior Year Resources	Total
CDBG	\$9,588,335	2,752,255	\$2,952,317	\$15,292,907
HOME	\$3,390,613	\$1,000,000		\$4,390,613
HOPWA	\$2,929,601		4,903,134	\$7,832,735
ESG	\$820,644			\$820,644
<b>Total</b>	<b>\$16,729,193</b>	<b>\$2,752,255</b>	<b>\$6,345,051</b>	<b>\$25,826,499</b>

## Funded Projects

The final 2020 AAP has been modified to reflect the increased grant funding as well as programmatic changes due to the City’s COVID-19 response. (See Attachment 1: Comparison of Draft AAP and Final AAP Funded Projects.) Significant changes include:

- Business Stabilization Fund – The Plan now includes \$2.8 million for the Small Business Stabilization Fund. These funds were appropriated through [CB 119757](#) and [CB 119760](#) as well as through administrative transfers by CBO, as follows:

*Table 2: Sources of Business Stabilization Fund*

Source	Amount	Mechanism
2019 HSD CDBG funds for program administration underspend	\$416,298	CB 119757
2020 HSD's Community Facilities Program (PACE)	\$1,000,000	CB 119757
(OH of 2019 CDBG underspend from staffing, administration and planning	\$51,019	Administrative Transfer
OH of 2019 CDBG underspend from the Home Repair Program and staffing	\$24,365	Administrative Transfer
OED of 2019 CDBG underspend for small business support	\$50,000	Administrative Transfer
Unspent 2019 CDBG funds from OH’s Rental Housing Preservation and Development Revolving Loan Program	\$968,718	CB 119760
Redirect 2020 OED Small Business Assistance	\$300,000	N/A
<b>Total*</b>	<b>\$2,810,400</b>	

*\* CB 119783 includes an additional \$1.5million for the Business Stabilization Fund. If passed, the total would increase to \$4.3 million.*

- PACE Project – As discussed above, \$1.0 million was reappropriated from HSD's Community Facilities Program to the Business Stabilization Program through CB 119757. These funds had been targeted for a senior care facility in the ground floor of an affordable housing project on the north parking lot of the Pacific Medical Center in Beacon Hill. The current project timeline does not require this funding in 2020, and the City Budget Office believes there will be sufficient CDBG funds in 2021 or 2022 to recommit to the project.
- Homebuyer Assistance – Homebuyer Assistance program was not included in the Draft 2020 AAP, but was added due to the additional, restricted CDBG program income available.
- Rental Housing and Preservation Program – This funding for this program was increased from \$4,533,442 to \$5,390,613 due to increased program income.

## Appropriations

As previously mentioned, CB 119875 amends Ordinance 126000, which adopted the 2020 budget, to reflect the changes discussed above, as follows:

Fund Name	Department	Budget Control Level	Change
16200 Human Services Fund	Human Services Department	BO-HS-H1000 Supporting Affordability and Livability	\$29,679
16200 Human Services Fund	Human Services Department	BO-HS-H3000 Addressing Homelessness	\$500,270
16600 - Office of Housing Fund	Office of Housing	BO-HU-2000 Homeownership & Sustainability	\$233,408
16400 – Low income Housing Fund	Office of Housing	BO-HU-3000 Multifamily Housing	\$1,602,071
10200 - Park and Recreation Fund	Seattle Parks and Recreation	BC-PR-40000 Fix It First	\$70,441
16600 – Office of Housing Fund	Office of Housing	BO-HU-1000 Leadership and Administration	(\$9,917)

## Next Steps

The proposed legislation reflects the City's goals and plans as expressed in the [Adopted 5-Year Consolidated Plan for Housing and Community Development](#) and the 2020 Adopted Budget, with some modifications due to the COVID-19 emergency, such as the increase in the Business Stabilization Fund . The Council could modify the proposed legislation to provide additional support to eligible activities that the Council believes are of a higher priority.

A public hearing for the proposed legislation is scheduled at City Council on May 4. Council may then take action on May 11.

If you have any additional questions or requests for amendments, please contact me at 386-9107 by end of day on Tuesday, May 5. Thank you.

## Attachments:

1. Comparison of Draft AAP and Final AAP Funded Projects

cc: Kirstan Arestad, Executive Director  
Aly Pennucci, Supervising Analyst

**Attachment 1: Comparison of Draft AAP and Final AAP Funded Projects**

<b>Projects</b>	<b>Draft AAP Funding</b>	<b>Final AAP Funding</b>	<b>Description</b>
HSD 2020 CDBG Administration and Planning	\$1,122,621	\$1,122,621	Provide internal staffing to manage and administer the CDBG program and oversight of all Consolidated Plan funds.
HSD 2020 Homeless Services	\$3,368,628	\$3,524,626	Provide emergency shelter operations and case management to move people to permanent housing.
ESG20 Seattle	\$805,090	\$820,644	Fund operations at two shelter sites and also fund a Rapid Re-Housing program for families.
2020 -2023 City of Seattle WAH20-F001 (SEA)	\$2,600,883	\$2,929,601	Provide funding for homelessness prevention and permanent housing through tenant based and project based rental assistance, and permanent housing placement.
HSD 2020 Minor Home Repair	\$449,917	\$449,917	Serve younger disabled homeowners, low-income family homeowners, and older adult homeowners by funding repairs including, but are not limited to, fixing leaking pipes, replacing broken sinks, rebuilding broken steps, replacing broken doors and windowpanes, building wheelchair ramps, and installing grab bars.
HSD 2020 SHA Improvements	\$1,000,000	\$1,000,000	Replace twenty-four fire panels at Seattle Housing Authority properties.
OH 2020 Home Repair Program & Staffing	\$605,462	\$605,462	Provide financial assistance in the form of loans to qualifying homeowners.
OH 2020 Admin & Planning	\$160,972	\$160,972	Support OH staff costs associated with CDBG and HOME program planning administration, and contracted services.
OH 2020 Homebuyer Assistance	\$0	\$146,793	Provide direct assistance to low- and moderate-income (LMI) households to purchase existing homes to create access to housing stability and wealth building.
OH 2020 Rental Housing Preservation & Development	\$4,533,442	\$6,390,613	Provide capital financing related to rehabilitation of 34 units of affordable rental housing for low-income households in the Delridge Neighborhood.
OED 2020 Neighborhood Business District - Only in Seattle	\$371,675	\$371,675	Supporting several business districts to conduct in-language outreach to local small businesses, to learn challenges they are facing and support with services. The project also includes a training cohort in racial equity and implicit bias to build awareness and provide tools for business district leaders to build more equitable organizations and practices.

<b>Projects</b>	<b>Draft AAP Funding</b>	<b>Final AAP Funding</b>	<b>Description</b>
OED 2020 Small Business Assistance	\$992,000	\$692,000	Respond to emergent business needs multiple ways: by providing technical assistance on the stabilization and financial aspects of maintaining a business, providing working capital grants for businesses after a destabilizing event (for example, disruption of customers caused by nearby construction) and by financing necessary tenant improvements.
OIRA 2020 ESL for Work (Ready for Work)	\$400,000	\$400,000	Via a CBDO, and subcontracted CBOs, provide English language learning classes and employment services including outreach, learning assessments, classroom instruction, case management, educational and career planning, job placement and employer engagement to support the program.
OPCD 2020 Equitable Development Initiative	\$430,000	\$430,000	Fund community-driven strategies created through an inclusive community engagement process and are prioritized in neighborhoods with high levels of chronic and recent displacement risk, history of disinvestment and community driven priorities to mitigate further displacement and increase access to opportunity. Funds will be awarded to eligible organizations through a request for proposal process in 2020.
Parks 2020 Seattle Conservation Corps Park Upgrades	\$808,000	\$878,441	Provide capital improvements, renovation and ADA improvements in neighborhood parks serving qualifying low- and moderate-income neighborhoods. Installation of up to 10 park improvements including but not limited to safety fencing, paths, ADA compliance, and improved landscaping.
Parks 2020 ADA Parks Improvements	\$700,000	\$700,000	Provide ADA improvements at a number of parks facilities, focused on selected community centers (e.g., Bitter Lake, Delridge, Garfield, Jefferson, Meadowbrook, Miller and others), including adjustments to signage, door closures, restroom fixtures, and other features.
HSD 2020 PACE facility	\$1,000,000	\$0	Fund "North Lot" project located at Pacific Medical Center in North Beacon Hill. The project is not ready to use these funds and the Council reappropriated \$1 million to the Small Business Stabilization Fund in CB 119757.
OED 2020 COVID19 Small Business Stabilization	\$0	\$2,810,400	Grants up to \$10,000 to microenterprises with low- and moderate- income owners located in Seattle. Grants may be used to cover the day-to-day operating expenses of the business, such as but not limited to payroll or losses due to the impacts of the COVID19 crisis.
<b>Total</b>	<b>\$19,348,690</b>	<b>\$23,433,765*</b>	
*Per HUD, the AAP projects list reflects only 2020 appropriated HOPWA and does not include previous year funds which will be part of the RFP released later in 2020.			