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Date: November 28, 2018
To: Seattle City Council
From: Jason Johnson, Interim Human Services Director, Human Services Department
Subject: Briefing on 2019 Annual Action Plan

At the December 12, 2018 Finance and Neighborhoods Committee you will be briefed on the draft 2019 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 second 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 2019 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 2019 (see estimated 2019 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 2019 grants. This committee briefing and public hearing will allow the City to incur “pre-award costs” starting January 1, 2019 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 2019 AAP and approve submission.

Program	2019 Adopted Budget	Anticipated 2019 Award	Difference
Community Development Block Grant (CDBG) - Entitlement	\$9,282,186	\$9,282,186	\$0
Community Development Block Grant (CDBG) – Entitlement (Older CDBG funds to be reprogrammed/carried-forward)	\$2,716,499	\$2,716,499	\$0
Community Development Block Grant (CDBG) – Program Income	\$400,000	\$400,000	\$0
HOME Investment Partnership - Entitlement	\$2,488,471	\$2,488,471	\$0
HOME Investment Partnership – Program Income	\$1,000,000	\$1,000,000	\$0
Emergency Solutions Grant (ESG):	\$819,850	\$819,850	\$0
Housing Opportunities for Persons with AIDS (HOPWA)	\$1,783,626	\$1,783,626	\$0
Total	\$18,490,632	\$18,490,632	\$0

CONTEXT:

In 2019 we anticipate receiving a total of approximately \$18 million from these fund sources from the US Department of Housing and Urban Development, for a total of \$18.4 million including program revenue. Of this, the total available CDBG is \$12,398,685 which includes \$400,000 in anticipated program income and reprogramming \$2,716,499 of older CDBG funding. The total HOME program funding is \$3,488,471 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 2019 in the Annual Action Plan are consistent with the 2019 Operating Budget adopted by the City Council in November. The CDBG program is the most flexible of the four funds.

The 2019 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. HOPWA funding will likely increase in 2019 because of a new formula allocation method that will be phased in over 5 fiscal years starting with 2017. The old formula was determined using cumulative AIDS cases (those living as well as those that have passed) over the years and is now based on individuals living with HIV or AIDS. A joint RFP for HOPWA and the Ryan White program was issued in late 2018 and award announcements are expected by early January 2019.

CDBG funds in 2019 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 2019 will continue to support efforts in the Office of Housing to increase access to affordable housing.

Program Changes in 2019:

- Assuming an increase in HOME funding, the Office of Housing will pursue additional affordable housing development.
- King Station Commercial Affordability: This project is starting to move forward to expend funding this year. The funds have been identified to compete a feasibility study and to begin project expenditures, based on the result of the feasibility study.
- Homeless Services – One-time increase to homeless services to maximize the 2019 Public Service cap based on anticipated 2019 grant award. The public service cap on CDBG is determined using the current year funds and the prior year's program income.
- In 2019, the \$2.7 million in CDBG carry-forward/reprogrammed funds include the annual estimate of \$400,000 in program income. The remainder is underspend identified in 2018 as a result of auditing 30 years of federal grant funds in preparation for compliance with 2 CFR 200 federal accounting regulations and transferring fiscal records into the Summit 9.2 system. Underspend funds are targeted to capital facilities projects which are both CDBG eligible and can be spent by December 2021.

Attached is a table summarizing the 2019 funding allocations by department.

ATTACHMENT ONE: Department Allocations for 2019 Grants

	CDBG*	HOME*	ESG	HOPWA	Change from Adopted Budget ¹
Office of Housing					
Home Repair Staffing	\$260,202				
Home Repair Program (Homewise)	\$345,260				
Homebuyer Housing Education & Counseling	\$217,000				
MF Rental Housing Preservation & Development	\$490,278	\$4,072,191			
OH HOME, MF Housing, Program Development Administration & Planning	\$160,972	\$226,224			
Human Services Department					
Human Services Planning	\$1,122,621				
Minor Home Repair - HSI	\$449,917				
Homeless Services	\$3,151,628				
Community Facilities	\$2,933,449				
YWCA Angeline's Portfolio			\$301,576		
YWCA Willows Enhanced Shelter			\$201,052		
YWCA Family Housing & Stability Program			\$234,837		
ESG Admin (max @7.5%)			\$59,088		
2018 HOPWA				\$2,302,251	
Office of Economic Development					
NBDR Only in Seattle Projects	\$679,675				
NBDR Only in Seattle Planning, TA & Staffing	\$172,000				
King Street Station Planning & Project	\$262,500				
Small business / Microenterprise Technical Assistance and Lending	\$512,000				
Over/Under Programed	\$3,183				
Parks and Recreation					
Conservation Corps Upgrades	\$808,000				
Office of Immigrant and Refugee Affairs					
ESL for Work	\$400,000				
Office of Planning and Community Development					
Equitable Development Initiative	\$430,000				

Program Year 2018 Totals	\$12,398,685	\$4,298,415	\$796,553	\$2,302,251	
*Note: funding amounts include award from HUD plus program income					

Will be revised based 2019 federal grant allocation actuals from HUD.