

June 26, 2020

## MEMORANDUM

**To:** Seattle City Council  
**From:** Amy Gore, Analyst  
**Subject:** CB 119785: 2019 Annual Action Plan Significant Amendment

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### Overview

A public hearing is scheduled for Monday, June 29 on [Council Bill \(CB\) 119814](#). This bill would:

- amend the [Final 2019 Annual Action Plan](#) (AAP or the Plan) which was adopted by the City Council on July 15, 2019 and adopt the amended plan;
- approve its submittal to the U.S. Department of Housing and Urban Development (HUD);
- authorize the acceptance of to up \$8.9 million dollars to be used as described in the Plan; and
- authorize the Executive to make technical changes needed to the Plan.

This memo (1) provides background information on the AAP and describes recent action by the City Council, (2) summarizes the bill, (3) identifies policy options; and (4) outlines next steps.

### Background

#### Amending the AAP

The AAP is adopted annually by the 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.

In response to the COVID-19 emergency, the federal government allocated additional, emergency grant funds to support local jurisdictions in their COVID-19 response activities through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. As part of this grant distribution, HUD requires that a jurisdiction update its current AAP to reflect the receipt of the CARES Act emergency grants and how those funds are being spent. Because HUD has not yet approved the City's 2020 Final Action Plan (adopted by [CB 119785](#)), the 2019 AAP is the current plan which needs to be amended in order to receive these funds.

## Recent Council Actions

Council accepted the emergency grant funds and authorized spending of those funds that are governed by the AAP in [CB 119783](#) and [CB 119791](#).<sup>1</sup> The grant acceptance included \$8.9 million in grant funds from ESG (\$2,829,807), HOPWA (\$426,340) and CDBG (\$5,640,185).

*Table 1: Summary of Council Approved Spending Authority*

Source	Funds	Dept	Purpose	CB
Emergency Solutions Grant (ESG)	\$750,000	HSD	Fund a pilot program to prevent homelessness for individuals transferring from Essential Needs or Aged, Blind, and Disabled assistance programs into SSI or SSDI. Council funded this pilot program with General Fund as part of the 2020 Adopted Budget.	119783
	\$2,079,807	HSD	Support the provision of meals at shelters which have had to modify operations to implement social distancing guidelines provided by Public Health Seattle/King County as a result of COVID-19.	119783
Housing Opportunities for Persons with AIDS (HOPWA)	\$426,340	HSD	Support housing options for low-income persons diagnosed with HIV/AIDS requiring assistance to maintain or acquire appropriate affordable permanent housing and services such as short-term rent, mortgage, and utility assistance, permanent housing placement, and rental assistance.	119783
Community Development Block Grants	\$705,025	HSD	Increase support for the Homelessness Prevention Program that screens clients for risk of homelessness and assists households to maintain housing, avoiding homelessness.	119783
	\$705,025	HSD	Expand support for United Way's Emergency HomeBase Rental Assistance program that provides rental assistance for low-income households at risk of eviction and/or homelessness.	119783
	\$1,410,045	OH	Support new Building Stabilization Fund that provides rent assistance to non-profit building owners already in the OH portfolio who have experienced a reduction in rental income from tenants impacted by COVID-19.	119783
	\$1,410,045	OED	Expand existing Small Business Stabilization Fund that supports Seattle's smallest businesses facing severe financial challenges with payroll, rent, and lost revenue during the COVID-19 pandemic crisis.	119783
	\$1,410,045	HSD	Support for shelter redistribution and deintensification, specifically to support shelter deintensification by providing non-congregate shelter space for individuals experiencing homelessness and at risk of contracting COVID-19 in a congregate shelter environment.	119791

<sup>1</sup> CB 119783 also appropriated funds from the Older Americans Act grant and Medicaid Title IX programs which are not part of the Annual Action Plan.

## Summary of CB 119814

CB 119814 adopts an amended 2019 Final Annual Action Plan which reflects the appropriations described above with one exception. The AAP indicates that \$1.4 million in CDBG that Council intended for shelter deintensification and redistribution (as described in CB 119791) will be spent on the HomeBase rental assistance program and the Homelessness Prevention Program. Because these programs are all funded through the same Budget Summary Level (BSL), this change can be made by the Executive through administrative transfer rather than through Council action. The Executive instead plans to fund shelter redistribution with \$4.8 million of State Commerce Grant Funds, which will be authorized through separate Council action.

In addition, the bill approves the plans submittal to HUD, authorizes the acceptance of the grants to be used as described in the Plan and authorizes the Executive to make technical changes needed to the Plan, as long as those changes are consistent with the adopted budget and the [5-Year Consolidated Plan for Housing and Community Development](#).

## Policy Considerations

### 1. Funds for Shelter Deintensification

As described above, CB 119814 adopts an amended 2019 AAP which is not reflective of the Council's prior budget appropriations.

The Council could:

- a. Do nothing – The \$1.4 million would support rental assistance programs.
- b. Amend the AAP to keep \$1.4 million of CDBG funds for shelter deintensification – The AAP does not make budget appropriations, however Council could introduce and pass a bill imposing a proviso on the \$1.4 million in CDBG funds, limiting the use of funds to shelter deintensification and redistribution and amending the Final 2019 AAP to reflect this change before passing CB 119814. The Executive would still have the option of not spending the \$1.4 million, however it could not be spent on other uses.

### 2. Timing

CB 119814 is considered part of the budget rebalancing package, however it is scheduled for a vote on Monday, July 6 because adoption of the Amended AAP is required before these funds can be distributed. Council could choose to consider this bill on the same timeline as the remainder of the budget to consider these expenditures in the context of the remaining COVID emergency relief funds and full rebalancing effort.

The Council could:

- a. Vote on CB 119814 on July 6, as scheduled.
- b. Delay voting on CB 119814.

**Next Steps**

A public hearing on CB 119814 is scheduled for June 29. Final action on the bill is scheduled for July 6. This bill has been drafted in accordance with [RCW 35.32A.060](#) and therefore requires a three-fourth majority to pass.

If you have any additional questions or requests for amendments, please contact me by 5 p.m., Tuesday, June 30, 2020.

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