

December 12, 2022

## MEMORANDUM

**To:** Seattle City Council  
**From:** Aly Pennucci, Deputy Director  
**Subject:** 2023 Draft Annual Action Plan

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On Tuesday, December 13, 2022, the Public Safety and Human Services committee will hold a public hearing on the Draft 2023 Annual Action Plan (AAP). The public hearing is a requirement of the US Department of Housing and Urban Development (HUD) and does not require further committee action at this time.

This memo describes the purpose of Annual Action Plans, HUD adoption requirements, 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. This draft plan reflects the appropriations included in the 2023 Adopted Budget.

After the annual entitlements are determined by Congress, the City updates and finalizes the Plan to reflect these appropriations. At that time, the City provides additional opportunity for public comment and holds a second public hearing. The final Plan is then approved by the Council and submitted to HUD by HSD.

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.

cc: Esther Handy, Director  
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