



City of Seattle

Edward B. Murray, Mayor

Human Services Department

Catherine Lester, Director

Date: May 17, 2017

To: Seattle City Council

From: Catherine Lester, Human Services Director (206-386-1143)

Subject: **Substantial Amendment to the 2013 Consolidated Plan Annual Action Plan**

The proposed Council Bill amends the annual action plan guiding the use of HOME Investment Partnership funds from the year 2013. The Office of Housing will commit this additional amount to rental housing preservation and development activities. Transferring these funds allows the City to maximize the resources available to us.

CONTEXT:

The amendment moves \$220,015 from activities that assist low- and moderate-income first-time homebuyers and an accumulated underspend of \$495,848 to activities that preserve and develop affordable rental housing. This move is necessary because a change in the federal rules governing the use of HOME funds, combined with the high cost of ownership housing in Seattle, has made it difficult to use HOME funds for homebuyer activities.

US Department of Housing and Urban Development rules limit the maximum eligible sales price for HOME-assisted ownership housing to \$373,000 for homes in Seattle. With our current median price topping \$619,000, there is extremely limited inventory available for income-eligible buyers. At the same time, HOME funds must be spent within five years. Federal rules also mandate all uncommitted funding from previous years be committed by June 30, 2017. For these reasons, moving HOME funds out of homebuyer activities is a prudent move.

The Office of Housing has identified 2 potential rental projects approved via NOFA that can use the HOME funding.

IMPLEMENTATION & NEXT STEPS:

At your May 17 meeting, staff from the Federal Grants Management unit of the Human Services Department will brief you on proposed legislation regarding the 2013 Consolidated Plan annual action plan for reallocation of HOME Investment Partnership.

- May 17, 2017: Council Committee briefing and public hearing
- June 7, 2017: Council Committee vote
- June 12, 2017: Final Council Adoption

Reference Documents:

1. Ordinance