

August 2, 2023

MEMORANDUM

To: Finance and Housing Committee
From: Jennifer LaBrecque, Legislative Analyst
Subject: 2023 Annual Action Plan – Council Bill 120630

On Wednesday, August 2, the Finance and Housing Committee will hold a public hearing on the [City of Seattle 2023 Annual Action Plan \(AAP\)](#). The committee will then discuss and possibly vote on adoption of the AAP via Council Bill 120630 (to be introduced and referred Tuesday, August 1). The public hearing is a requirement of the US Department of Housing and Urban Development (HUD). The approved AAP is due to HUD on August 15.

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 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 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

HUD has developed a two-step process for submitting AAPs, because the final annual dollar amount of the four federal grants is typically not known until the congressional appropriations in the first quarter of each calendar year. 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 AAP to HUD prior to the subject year. The city completed this step in December 2022 when the Council held a public hearing on the draft plan, which reflected the appropriations included in the 2023 Adopted Budget.

After the final annual grant amounts are determined by Congress, the City updates and finalizes the AAP 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. The August 2 Public Hearing and possible vote is for this final AAP, which contains the final annual grant amounts that were determined by Congress earlier this year.

No significant program changes were made in the final 2023 AAP plan from the draft AAP published in December. There are some minor adjustments to account for a small amount of additional funding in the final federal allocations. The 2023 AAP legislation also corrects a few technical errors related to CDBG in the 2023 Adopted Budget.

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
Greg Doss, Lead Analyst