



City of Seattle
Edward B. Murray, Mayor

Human Services Department
Catherine Lester, Acting Director

MEMORANDUM

Date: June 30, 2017
To: Seattle City Council
From: Catherine Lester, Human Services Director (206-386-1143)
Subject: Briefing on 2017 Annual Action Plan to the 2014-2017 Consolidated Plan

At the July 5th Affordable Housing, Finance and Neighborhoods Committee you will be briefed on the legislation adopting the 2017 Annual Action Plan to the 2014 – 2017 Consolidated Plan for Housing and Community Development, authorizing its submittal to the United States Department of Housing and Urban Development (HUD) and amending the 2017 Adopted Budget to be consistent with the actual amount of funds to be received from HUD. 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 2017 Adopted Budget was built on assumptions of revenue; the actual amounts are now known:

| Program | 2016 Actual and 2017 Adopted Budget | Actual 2017 Award | Difference |
|---|-------------------------------------|-------------------|-------------|
| Community Development Block Grant (CDBG) - Entitlement | \$8,982,368 | \$8,848,381 | (\$133,987) |
| Community Development Block Grant (CDBG) – Program Income | \$400,000 | \$1,350,000 | \$950,000 |
| HOME Investment Partnership - Entitlement | \$2,421,282 | \$2,397,161 | (\$91,310) |
| Emergency Solutions Grant (ESG) | \$819,850 | \$808,890 | (\$10,960) |
| Housing Opportunities for Persons with AIDS (HOPWA) | \$1,783,626 | \$2,032,386 | \$248,760 |

CONTEXT:

We will receive a total of approximately \$14 million from these fund sources. An additional \$1.35 million is anticipated in program income for the HOME and CDBG programs.

The Consolidated Plan informs HUD about the City's strategies for using these funds over the four-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 2017 in the Annual Action Plan are consistent with the 2017 Operating Budget adopted by the City Council in November. The CDBG program is the most flexible of the four funds. The 2017 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 programs. HOPWA funds are used to provide housing and case management for persons with

AIDS and their families. HOPWA funding received a significant increase this year 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.

CDBG funds in 2017 will continue to support efforts by the Office of Economic Development. Most changes from the Adopted Budget is reflected in Office of Economic Development. A future Substantial Amendment to reallocate recaptures and prior year funding in OED joined with these changes will have no impact to these on-going programs.

- Neighborhood Business District – Only in Seattle & Planning/TA/Staffing: Recaptured and prior year funding will be brought forward through a future Substantial Amendment to reallocate those dollars to some activities that were presented in the Adopted Budget for 2017. With the Substantial Amendment, there will be no impact to these on-going programs.
- Alpha Cine Section 108 Repayment: Approximately \$94,000 of CDBG will be set aside to repay the loan obligation for 2018. The upcoming Substantial Amendment will be used to pay the 2017 loan obligation. With continued delays in the passage of the federal budget CDBG allocation for this loan obligation is to be allocated one year in advance to guarantee the availability of CDBG funding to make the payment on time. This is anticipated to be an ongoing obligation for the remaining 13 years of the loan term.
- King Station Commercial Affordability: The project is not ready to move forward to expend funding this year. The funds have moved for use for one-time capital expenditures that are ready to move forward. CDBG is mandated to expend funds in a timely manner and the City is near that regulatory requirements; holding funds for activities that are not ready negatively impacts this compliance requirement.

CDBG received an unexpected amount of Program Income that freed CDBG entitlement for one-time activities in 2017 without reduction in on-going activities. As of June 2017, \$1.3M of CDBG Program Income has been received, with an estimated additional \$50,000 expected during the rest of the year. The freed CDBG entitlement funding from the unexpected Program Income and the one-time reductions to the 2017 CDBG entitlement in Office of Economic Development provides for the following one-time activities:

- CDBG Administration: Improve efficiencies and compliance for administration of the programs and technical assistance in implementation of new HUD requirements:
- Health Care for the Homeless: Lazarus Day Center and Casa Latina improvements identified through the Adopted Budget are not eligible for CDBG. A fund swap of General Funds from an existing Health Care for the Homeless project for CDBG to fund all three projects as awarded.
- Community facility capital improvements: Increase for Pathways Home RFP.
- HMIS Scan Card System Implementation: Partial funding of Homeless Management Information System (HMIS) Scan Card System (will not meet full need for implementation). The Scan Card System will increase efficiencies in our Continuum of Care's homeless service delivery system, help to ensure data quality by reducing the number of duplicate records, and increase agency staff capacity to provide client-centered services. Scan cards allow each person receiving services to present their unique barcode identification card to be scanned for documentation of services.
- Park improvements (i.e. ADA accessibility): provide for additional park improvements targeting ADA accessibility

CDBG and HOME funds in 2017 will continue to support efforts in Office of Housing to increase access to affordable housing. A new CDBG requirement requires that Program Income must be used for Administration expenses if used to

calculate the Administrative cap for the entire program. This year CDBG Program Income will be used for Administrative expenses incurred by Office of Housing to maintain compliance. A new HOME requirement allows for HOME Program Income to accrue during the year to be awarded in the next year which will allow for future HOME Program Income to be accounted for as actual rather than estimated.

Attached is a table summarizing the 2017 funding allocations. The grey-highlighted rows indicate changes from the Adopted Budget to the allocations, based on the actual revenue. Jennifer Yost, Manager of the Federal Grants Unit in HSD, will be available to review the changes and allocations at your meeting.

IMPLEMENTATION & NEXT STEPS:

At your July 5 meeting, staff from the Federal Grants unit of the Human Services Department will brief you on legislation regarding the 2017 Annual Action Plan to the 2014 – 2017 Consolidated Plan for Housing and Community Development.

- July 5, 2017: Council Committee briefing, public hearing, and possible vote
- July 19, 2017: Council Committee public hearing, and possible vote
- July 24, 2017: Proposed Final Council Adoption

ATTACHMENT ONE: Allocations for 2017 Grants (changes from 2017 Adopted Budget Allocations)

| | CDBG* | HOME* | HOPWA | ESG | Change from Adopted Budget |
|--|-------------|-------------|-----------|-----------|---|
| Office of Housing | | | | | |
| Home Repair and Multi-Family program staffing | \$260,202 | | | | |
| Home Repair Program | \$350,000 | | | | |
| Homebuyer Counseling | \$216,989 | | | | |
| Program development / housing affordability staffing | \$101,139 | | | | |
| Rental Housing Preservation & Development | \$1,000,000 | \$3,081,928 | | | CDBG increased by \$630,722 and HOME increased by \$819,792 from Program Income |
| HOME Administration | | \$226,225 | | | |
| Human Services Department | | | | | |
| Human Services Planning | \$127,163 | | | | |
| CDBG Administration (including HSD Indirect) | \$970,543 | | | | Increased by \$50,000 for one-time expenses |
| Minor Home Repair | \$449,917 | | | | |
| Health Care for the Homeless Facility | \$412,000 | | | | Fund swap for ineligibility of Lazarus Day Center & Casa Latina |
| Community Facility Capital Improvements | \$400,000 | | | | New one-time expense |
| HMIS Scan Card | \$90,960 | | | | New one-time expense |
| DESC Connections | \$800,763 | | | | |
| Noel House | \$466,786 | | | | |
| St. Martin des Porres | \$478,730 | | | | |
| DESC Seattle Navigation Center | \$465,653 | | | | |
| DESC Main Shelter | \$1,099,696 | | | \$421,924 | |
| ESG Administration | | | | \$39,469 | |
| Solid Ground Housing Stability Case Management | | | | \$160,000 | |
| Neighborhood House Homelessness Prevention | | | | \$170,345 | |
| HOPWA RFI | | | 2,032,386 | | HOPWA increased by \$248,760 |

ATTACHMENT ONE: Allocations for 2017 Grants
(continued)

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|---|---|---|--------------------|--------------------|------------------|---|
| Office of Economic Development | | One-time reduction to over-all OED budget as old funding is to be reallocated with upcoming Substantial Amendment which will result in no impact to program | | | | |
| | Neighborhood Business District Projects – Only in Seattle | \$471,659 | | | | Combined all Only in Seattle projects with a one-time aggregate decrease of \$208,016, no program impact |
| | Neighborhood Business District Planning, TA & Staffing | \$102,000 | | | | Combined administration expenses with a one-time aggregate reduction of \$70,000, no program impact |
| | Microenterprise Technical Assistance | \$210,000 | | | | |
| | Microenterprise Lending | \$122,000 | | | | |
| | Small/Microenterprise Commercial Affordability Project | \$85,000 | | | | |
| | Alpha Cine Section 108 | \$94,791 | | | | Increase of \$20,194 |
| | King Station Commercial Affordability | \$0 | | | | Reduction of \$362,500 as not ready to move forward. Holding funds negatively impacts regulatory timeliness requirement |
| Parks and Recreation | | | | | | |
| | Park Upgrade Projects (i.e. ADA Improvements) | \$1,022,390 | | | | One-time increase of \$214,390 |
| Office of Immigrant and Refugee Affairs | | | | | | |
| | ESL for Work | \$400,000 | | | | |
| Contingency | | | | | \$17,152 | Eliminated \$258 CDBG contingency; decreased ESG contingency by \$10,960 |
| Program Year 2015 Totals | | \$10,198,381 | \$3,308,153 | \$2,032,386 | \$808,890 | |
| *Note: funding amounts include award from HUD plus program income | | | | | | |