

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
Human Services Department	Dan Burton / 256-5415	Katherine Tassery / 615-0703

*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

**1. BILL SUMMARY**

**Legislation Title:**

AN ORDINANCE relating to funding for housing and community development programs; adopting The City of Seattle 2019 Annual Action Plan to the 2018-2022 Consolidated Plan for Housing and Community Development and authorizing its submission to the United States Department of Housing and Urban Development; authorizing acceptance of grant funds from that department for programs and activities included in the Annual Action Plan; amending Ordinance 125724, which adopted the 2019 Budget, by modifying appropriations to various departments and budget control levels in the 2019 Adopted Budget; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

**Summary and background of the Legislation:**

This legislation adopts the 2019 Annual Action Plan to the 2018 – 2022 Consolidated Plan for Housing and Community Development and authorizes its submittal to the US Department of Housing and Urban Development (HUD). The Annual Action Plan governs the use of the City’s funds from several programs in HUD. In total, HUD’s allocation to the City for 2019 is approximately \$15.8 million. All funds govern by the plan amount to approximately \$21.2 million for 2019, this includes income generated by funded activities (program income) and unexpended carryforward funds from prior years. In 2019 funds will be used to provide services, housing, and facilities to low- and moderate-income persons, businesses and neighborhoods. The legislation authorizes the acceptance of these funds.

HUD provides annual allocations to the City from four of its programs. These allocations differ from the estimated allocations that were included in the 2019 Adopted Budget; the net difference from the Adopted Budget is shown below.

To receive the annual allocations, jurisdictions must submit a Consolidated Plan, which describes the policies governing the City’s use of these funds, and an Annual Action Plan which identifies the specific uses of the funds for a particular program year. Funds are allocated to the Human Services Department, Office of Housing, Office of Economic Development, Office of Immigrant and Refugee Affairs, the Department of Parks and Recreation and the Office of Planning & Community Development to fund core services and support activities, such as homeless shelters, preservation and development of affordable housing, homelessness and affordable housing planning and research, investments in community and economic development to support small businesses and microenterprises, job training and creation, and park improvements.

Revenue Source	2019 Adopted Budget	2019 Actual Allocation	2019 Annual Allocation Plan Difference	2019 Appropriation Change
Community Development Block Grant (CDBG) – Entitlement	\$9,279,003	\$9,339,546	\$60,543	\$ 60,543
HOME Investment Partnership – Entitlement	\$2,968,574	\$3,043,164	\$74,590	\$ 74,590
Emergency Solutions Grant (ESG)	\$778,857	\$805,090	\$26,233	\$ 26,233
Housing Opportunities for Persons with AIDS (HOPWA)	\$2,012,100	\$2,600,883	\$588,783	\$ 588,783
<b>2019 Allocation</b>	<b>\$15,038,534</b>	<b>\$15,788,683</b>	<b>\$750,149</b>	<b>\$ 750,149</b>
Community Development Block Grant (CDBG) – Entitlement (Older CDBG funds to be reprogrammed/carried-forward)	\$2,716,499	\$3,978,761	\$1,262,262	\$0 (Carryforward appropriations)
Community Development Block Grant (CDBG) – Program Income	\$400,000	\$400,000	\$ -	\$ -
HOME Investment Partnership – Program Income	\$1,000,000	\$1,000,000	\$ -	\$ -
<b>Total</b>	<b>\$19,155,033</b>	<b>\$21,167,444</b>	<b>\$ 2,012,411</b>	<b>\$ 750,149</b>

**2. CAPITAL IMPROVEMENT PROGRAM**

Does this legislation create, fund, or amend a CIP Project?  Yes  No

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

Does this legislation amend the Adopted Budget?  Yes  No

Appropriation change (\$):	General Fund \$		Other \$	
	2019	2020	2019	2020
			\$750,149	
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2019	2020	2019	2020
			\$750,149	

Positions affected:	No. of Positions		Total FTE Change	
	2019	2020	2019	2020

Note: The changes in appropriations are net of the changes for all the HUD grant programs and mostly consist of a one-time increase in Program Income. The revenue increase is larger than the appropriation increase, because funds budgeted for contingency partially offset changes in the CDBG program. There are detailed tables showing the changes from the 2019 Adopted Budget for appropriations and revenues below, in sections 3d and 3e.

**Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**  
No.

**Is there financial cost or other impacts of *not* implementing the legislation?**

Not implementing this legislation will cause the City to forgo approximately \$21.2 million in federal assistance that supports services and community development activities for low- and moderate-income persons in Seattle. The City would be faced with reducing or eliminating services and/or using General Fund to provide the services.

If there are no changes to appropriations, revenues, or positions, please delete sections 3.d., 3.e., and 3.f. and answer the questions in Section 4.

**3.d. Appropriations**

**X** This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/##*	2019 Appropriation Change	2020 Estimated Appropriation Change
16200 Human Services Fund	HSD	Addressing Homelessness / 16200-BO-HS-H3000	\$615,016	\$0
00100 General Fund	OED	Business Services / 00100-BO-ED-X1D00	\$60,543	\$0
16400 Low-Income Housing Fund	OH	Multifamily Housing / 16400-BO-HU-3000	\$74,590	\$0
<b>TOTAL</b>			<b>\$750,149</b>	<b>\$0</b>

\*See budget book to obtain the appropriate Budget Control Level for your department.

**Is this change one-time or ongoing?**

Ongoing:

- Allocations are based on Federal Appropriations and HUD’s application of entitlement formulae. The above changes are reflective of the final allocations by HUD; changes in

the make-up of Seattle’s population, the number of HUD funded recipients and the formulae themselves can all impact the final allocation amounts for any given year.

- HOPWA: The increase over expected revenue is \$588,783. These additional funds will be made available in the next joint HOPWA/Ryan White funding process in 2020. 2019 is the third year for implementation of the new HOPWA fund distribution formula. This new formula allocation method will be phased in over 5 fiscal years starting with 2017 in which no grantee will receive a less than a 5% loss or 10% increase from the prior year; barring impacts in appropriation levels by Congress. The old formula was determined using cumulative AIDS cases and is not based on individuals living with HIV or AIDS.

**Appropriations Notes:**

The 2019 Adopted Budget contains estimates of these funding sources. This legislation provides the actual revenue numbers and adjusts the appropriations in the Adopted Budget to match the actual allocations. The table below lists the departments and Budget Control Lines these funds are in and were the increases will be placed.

**3.e. Revenues/Reimbursements**

**X** This legislation adds, changes, or deletes revenues or reimbursements.  
**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

<b>Fund Name and Number</b>	<b>Dept</b>	<b>Revenue Source</b>	<b>2019 Revenue</b>	<b>2020 Estimated Revenue</b>
General Fund 00100	OED	CDBG	\$60,543	
Low-Income Housing Fund 16400	OH	HOME	\$74,590	
Human Services Fund 16200	HSD	ESG	\$26,233	
Human Services Fund 16200	HSD	HOPWA	\$588,783	
<b>TOTAL</b>			<b>\$750,149</b>	

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#### **Revenue/Reimbursement Notes:**

The 2019 Adopted Budget contains estimates of these revenues. This legislation provides the actual revenue numbers and adjusts the appropriations in the Adopted Budget to match the actual numbers.

#### **4. OTHER IMPLICATIONS**

##### **a. Does this legislation affect any departments besides the originating department?**

If so, please list the affected department(s) and the nature of the impact (financial, operational, etc.).

Yes, other departments receive an allocation from one or more of these funds for program operations. Changes from the 2019 Adopted Budget are reflected in the Office of Housing, the Office of Economic Development and the Human Services Department.

##### **b. Is a public hearing required for this legislation?**

If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned/required in the future?

Yes. HUD requires a public hearing. Generally, this is held at the time of the briefing for the committee which reviews the legislation prior to recommendation for full Council vote. A public hearing was held on December 12, 2018 when the Finance and Neighborhoods committee reviewed the draft 2019 Annual Action Plan prior to receipt of the actual Congressional appropriations.

##### **c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

If yes, please describe the measures taken to comply with RCW 64.06.080.

No

##### **d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

For example, legislation related to sale of surplus property, condemnation, or certain capital projects with private partners may require publication of notice. If you aren't sure, please check with your lawyer. If publication of notice is required, describe any steps taken to comply with that requirement.

Yes, publication is required in *The Daily Journal of Commerce*. HSD staff will send the public hearing notice to the DJC in time to provide 14-day advance notice.

**e. Does this legislation affect a piece of property?**

If yes, and if a map or other visual representation of the property is not already included as an exhibit or attachment to the legislation itself, then you must include a map and/or other visual representation of the property and its location as an attachment to the fiscal note. Place a note on the map attached to the fiscal note that indicates the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.

No

**f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

If yes, please explain how this legislation may impact vulnerable or historically disadvantaged communities. Using the racial equity toolkit is one way to help determine the legislation's impact on certain communities.

Programs and activities supported by these funds are specifically intended to benefit low- and moderate-income and homeless persons and families. These persons and families are disproportionately underserved and from communities of color. Economic and community development activities will specifically target historically disadvantaged neighborhoods and business districts and are described in more detail in the budget chapters of each of the departments.

**g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

This answer should highlight measurable outputs and outcomes.

Most programs are on-going. However, reallocation of funds from prior years provides funding in 2019 for the following:

- King Street Station Commercial Affordability: This project is moving forward to expend funding this year.
- Alpha-Cine loan: \$722,541 of prior year CDBG underspend is being directed to pay off this failed loan in full to save the City 11 more years of payment including interest.
- HSD Community Facilities RFP: prior year CDBG underspend totaling \$1,716,449 is subject to recapture by HUD due to spending time-limits. In 2015 CDBG switched from first-in-first-out to grant-based accounting, triggering recapture if unspent in 8 years. To avoid recapture, HSD will release an RFP soliciting proposals to develop or improve community facilities.
- SE Economic Opportunity Center/Othello Project: this is not a new project but is receiving one-time CDBG funding of \$539,771 in 2019.
- OPCD Equitable Development Program: \$1m of prior year CDBG underspend is being directed to this program.

**List attachments/exhibits below:**