

Memo

Date: June 18, 2019
To: Sally Bagshaw, Chair Finance and Neighborhoods Committee, Seattle City Council
From: Jason Johnson, Interim Human Services Director, Human Services Department
Subject: Briefing on 2019 Annual Action Plan for Housing and Community Development

At the July 10th Finance and Neighborhoods Committee you will be briefed on the legislation adopting the 2019 Annual Action Plan, authorizing its submittal to the United States Department of Housing and Urban Development (HUD) and amending the 2019 Adopted Budget to be consistent with the actual amount of funds to be received from HUD for the following four grant programs: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with Aids (HOPWA). This represents the allocations for the second year of the 2018-2022 Consolidated Plan. The Annual Action Plan is a document required by HUD in advance of the City’s receipt of funds from these four grant programs.

The Finance and Neighborhoods Committee was briefed on a draft of the 2019 Annual Action Plan in December of 2019. HUD issued final allocations on 04/12/2019 and the draft Annual Action Plan has been updated. The 2019 AAP must be adopted by council and submitted to HUD before August 16th to ensure the approximately \$15.8m allocation can be received.

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 governed 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.

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
2019 Allocation	\$15,038,534	\$15,788,683	\$750,149	\$ 750,149
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	\$ -	\$ -
Total	\$19,155,033	\$21,167,444	\$ 2,012,411	\$ 750,149

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. 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 specific program year.

Within the City of Seattle, 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.

Program Changes in 2019

- King Street Station Commercial Affordability: This project is moving forward to expend funding this year.
- Alpha-Cine loan: \$723,138 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 HUD changed accounting practices for CDBG from first-in-first-out to grant-based accounting. This triggers recapture if unspent in 8 years. To avoid recapture, HSD will release an RFP in late summer 2019 soliciting proposals to develop or improve community facilities. The amount in the RFP will depend on funding availability as some of the \$1.7 million is already programmed.
- 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: An additional \$1m of prior year CDBG underspend is being directed to this program.

Programs represented in this 2019 Annual Action Plan

Project Name	Amount	Source
HSD 2019 CDBG Administration, Planning & Indirect	\$ 1,122,621	CDBG
HSD 2019 Homeless Services	\$ 3,151,628	CDBG
HSD 2019 Emergency Solutions Grant Program Activities	\$ 805,090	ESG
Project 1: 2018-2021 City of Seattle WAH18-F001 (SEATTLE) HOPWA	\$ 2,600,883	HOPWA
HSD 2019 Minor Home Repair	\$ 449,917	CDBG
OH 2019 Home Repair Program & Staffing	\$ 605,462	CDBG
OH 2019 Homebuyer Education and Counseling	\$ 217,000	CDBG
OH 2019 Rental Housing Program and Staffing	\$ 4,203,601	CDBG & HOME
OH 2019 OH Staffing, Administration & Planning	\$ 490,813	CDBG & HOME
OED 2019 Neighborhood Business District - Only in Seattle	\$ 1,440,961	CDBG
OED 2019 Small Business Support	\$ 784,881	CDBG
Parks 2019 Parks Upgrade Project	\$ 808,000	CDBG
OIRA 2019 Ready to Work	\$ 400,000	CDBG
OPCD 2019 Equitable Development Initiative	\$ 1,430,000	CDBG
HSD 2019 Community Facilities Improvements	\$ 1,933,449	CDBG
OED 2019 Alpha Cine Loan Payoff	\$ 723,138	CDBG
Total	\$ 21,167,444	