

June 3, 2021

MEMORANDUM

To: Finance and Housing Committee
From: Aly Pennucci, Policy and Budget Manager
Subject: Seattle Rescue Plan 1: Council Bills 120093 and 120094

On Friday, June 4, 2021, the Finance and Housing Committee (Committee) will discuss Council Bills (CBs) [120093](#) and [120094](#) that together comprise the Seattle Rescue Plan 1 (the Plan). The Plan includes accepting and authorizing spending funds from the \$1.9 trillion federal American Rescue Plan Act (ARPA). Seattle will receive nearly \$300 million from ARPA, including \$232 million in local direct aid (flexible funding from the Coronavirus Local Fiscal Recovery [CLFR] funds) and other targeted aid. Half of the CLFR funds are included in the Plan and will be spent in 2021; the second half of the CLFR funds will be included in the 2022 Adopted Budget.

CBs 120093 and 120094 would accept a total of \$128 million and authorize spending a total of \$128 million.

CB 120093 would:

- accept \$116 million of CLFR funds (direct aid),
- accept \$12 million of HOME Investment Partnerships Program funds (targeted aid), and
- authorize spending \$103 million for investments in: housing and homelessness; community and small businesses recovery; community well-being; community assistance and programming; and reopening City programs and services.

CB 120094 would authorize spending \$25 million to provide direct cash assistance to residents who have been disproportionately impacted by the COVID-19 emergency.

This memorandum:

1. provides background information on the federal funds and development of the Plan;
2. summarizes the Plan's spending proposals;
3. highlights policy considerations for the Committee's deliberations; and
4. outlines next steps.

Background

H.R. 1319 – American Rescue Plan Act (ARPA)

On March 11, 2021, [H.R. 1319 \(ARPA\)](#) became law. Passed by the United States (U.S.) Congress, ARPA includes approximately \$1.9 trillion for COVID relief programs across the country. In addition to aid in ARPA for targeted programs, such as emergency rental assistance and grants to restaurants through the Small Business Administration program, the bill allocated \$219.8 billion of direct aid that provides flexible funding to eligible state, territorial, metropolitan city, county, and Tribal governments. The City's share of that CLFR direct aid is \$232 million: the federal government transmitted \$116 million to the City in 2021; and the City anticipates receiving the second half in mid-2022.

ARPA provides that municipalities may use CLFR funds to:

- A. Respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- B. Provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency;
- C. Provide government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- D. Make necessary investments in water, sewer, or broadband infrastructure.

Municipalities must use CLFR funds by December 31, 2024. The U.S. Department of the Treasury published an [Interim Final Rule](#) on May 17, 2021 that provides more guidance on the implementation of CLFR funds.¹

¹ The Plan is informed by this guidance. The comment period on the interim rule is open through July 16, 2021. It may be necessary in the future to adjust the City's proposed use of CLFR funds based on final guidance.

Development of the Seattle Rescue Plan 1

On March 22, 2021, the City Council adopted [Resolution \(RES\) 31999](#) establishing the Council's priorities for use of future federal and state funding for the continuing COVID public health emergency response. Following adoption of that resolution, it was clear the Council and the Mayor had shared priorities for use of federal resources. Chair Mosqueda, Council President González, and the Mayor jointly developed the Plan, informed by:

- RES 31999 outlining Council's principles and priorities for use of federal funds;
- Input from stakeholders during listening sessions and walking tours organized by the Mayor focused on downtown businesses, small businesses, unions, community organizations and non-profits;
- Input from community organizations and other cities during the Council's Finance and Housing Committee; and
- Feedback received during a public hearing on May 4, 2021 and public comment in multiple Finance and Housing Committee meetings during April and May, as well as other discussions that individual councilmembers and the Mayor had with stakeholders.

The Plan is also informed by State and County spending that will support statewide and countywide recovery efforts, including those in Seattle. Consistent with RES 31999, the Plan is intended to leverage shared resources to ensure that the City's response is addressing gaps in service as well as expanding the City's financial partnership with King County to support County programs and services that primarily benefit households, workers, nonprofit organizations, and small businesses in Seattle.²

Seattle Rescue Plan 1 (CBs 120093 and 120094)

The legislation would authorize spending about \$128 million in 2021 to support Seattle's recovery from the COVID-19 emergency. Spending is proposed in five main categories, broken down as follows:

Category	Amount
Housing and Homelessness	\$49.2M
Community Well-Being	\$41.5M
Community and Small Business Recovery	\$23.0M
Supporting City Services and Workers	\$7.6M
Community Assistance & Programming	\$7.0M
TOTAL	\$128.4M

Numbers may not add up due to rounding.

² Funding for vaccination efforts is an example of where the City determined there was not a gap in service provisions that required additional funds from the City's ARPA resources. The County passed [King County - File #: 2021-0155 \(legistar.com\)](#) on May 25, 2021 authorizing \$631 million in COVID-19 recovery spending; of that, about \$116 million is for vaccination efforts. Conversely, there was an opportunity for the City to partner with the County to support enhanced shelter and outreach programs, similar to the approach piloted by JustCARE. The Plan includes a proposal to use \$7.5 million of ARPA funds for this use to match the \$7.5 million County investment.

A more detailed summary of the Plan can be found in Attachments 1 to this memo and the presentation attached the June 4th Committee agenda.

The Plan’s categories differ from the priority categories outlined in RES 31999. For reference, the proposed spending by the priorities identified in RES 31999 are as follows:

Category	Amount
Homelessness and Housing	\$49.2M
Small businesses, worker assistance, and workforce recovery	\$31.8M
Community well-being and Immigrant and refugee support	\$26.9M
Revenue replacement and financial resilience	\$9.2M
Childcare	\$8.0M
Transportation	\$2.5M ³
Food Assistance	\$690k ⁴
TOTAL	\$128.4M

Numbers may not add up due to rounding.

Policy Considerations

Staff identified the following policy questions to consider as the Committee deliberates on the proposed Seattle Rescue Plan 1 and considers potential amendments:

1. What is most equitable? How are investments addressing systemic inequities that were exacerbated by the pandemic and helping communities that have been most impacted to recover and build wealth?

The Interim Final Rule includes the following description of the impacts of the COVID-19 crisis:

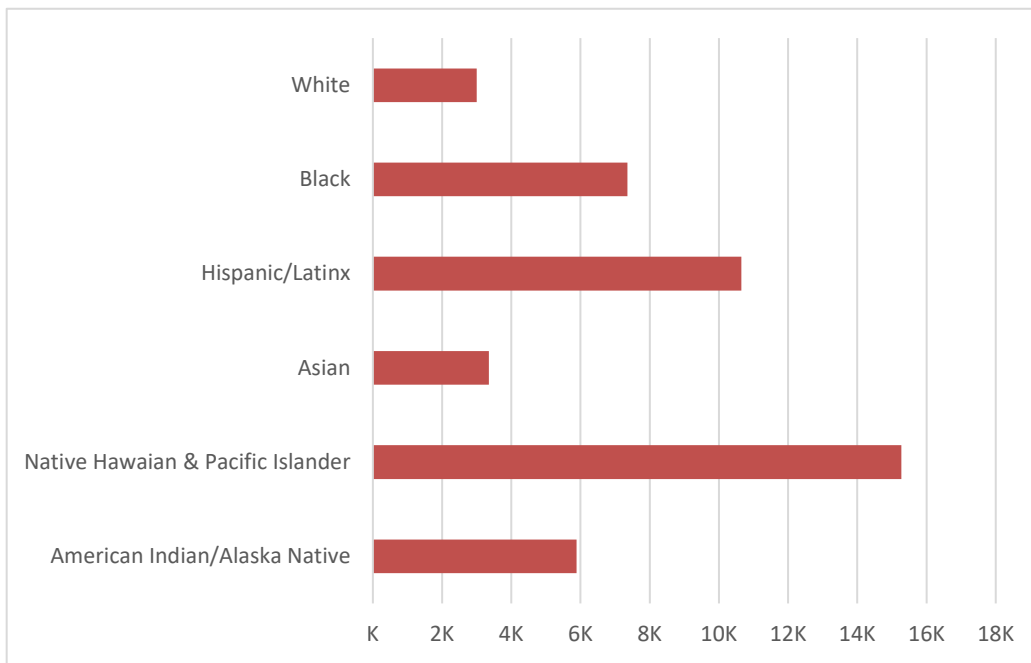
“[T]he disease has infected over 32 million and killed over 575,000 Americans. The disease has impacted every part of life: As social distancing became a necessity, businesses closed, schools transitioned to remote education, travel was sharply reduced, and millions of Americans lost their jobs. In April 2020, the national unemployment rate reached its highest level in over seventy years following the most severe month-over-month decline in employment on record. As of April 2021, there were still 8.2 million fewer jobs than before the pandemic. During this time, a significant share of households have faced food and housing insecurity... Finally, although the pandemic’s impacts have been widespread, both the public health and economic impacts of the pandemic have fallen most severely on communities and populations disadvantaged before it began. Low-income communities, people of color, and Tribal communities have faced higher rates of infection, hospitalization, and death, as well as higher rates of unemployment and lack of basic necessities like food and housing...”
(emphasis added).

³ This funding will be used to make 20 of the 26 miles of "Stay Healthy Streets" permanent to support neighborhood and business reopening. Investments in transportation infrastructure, such as bridges, called for in the resolution, is not an eligible use of the CLFR funds.

⁴ [ORD 126320](#), passed in April included about \$9M for food services.

This summary describing disparate impacts nationally is consistent with the disparate impacts experienced in the Seattle area. [Multiple data points](#) published by King County Public Health demonstrates this, such as the disparities revealed in the rate of COVID-19 cases in King County when disaggregated by race and ethnicity (see Chart 1). This illustrates that rates among white residents are significantly lower (2,997 per 100,000 residents) compared to communities of color (see Chart 1).

Chart 1. Rate of COVID-19 cases in King County by race and ethnicity (age adjusted)⁵



Other available data also supports the conclusion that communities of color in Seattle have been disproportionately impacted by the pandemic, such as the demographics of King County workers filing new unemployment claims between March 15, 2020, and April 24, 2021. Fifty-six percent of workers whose race/ethnicity was Native Hawaiian/Pacific filed new unemployment claims, 43.5 percent of Black/African American workers, and 40.1 percent of American Indian/Alaska Native workers, compared to 24.7 percent of white workers filing new claims during this period.⁶

With all of this in mind, Section 8 of CB 120093 includes a statement of intent to provide direction to departments as they implement the Plan. The intent is that all the proposed

⁵ Source: King County: Public Health – Seattle & King County Race and ethnicity data dashboard last updated May 24, 2021: [COVID-19 data dashboard by race/ethnicity - King County](#). King County used a statistical method called age- adjusted so that rates across race/ethnicity groups that have different age distributions can be compared with one another.

⁶ Source: See the Demographics of King County workers filing new unemployment claims, March 15,2020-April 24, 2021: King County: Public Health – Seattle & King County [COVID-19 data dashboard: Unemployment impacts - King County](#).

investments are prioritized to provide critical resources to those disproportionately impacted by COVID-19, including Black, Indigenous, Latinx, and other communities of color, immigrants, the lesbian, gay, bisexual, transgender, queer, intersex, and asexual (LGBTQIA) community, women, low-income households, people experiencing homelessness or housing insecurity, and people who work in the creative economy. Furthermore, if funding is used to contract with an outside organization, the City will prioritize opportunities to partner with local community based organizations that are culturally relevant, are historically rooted in communities that have been disproportionately impacted by COVID-19, and have organizational staff and board composition that seek to reflect the communities they serve.

2. What is the desired balance between direct support to people and businesses versus general support for community organizations, business districts, and service providers?

The Plan includes funding for both direct support to individual people and businesses (e.g., \$25 million for direct cash assistance to those disproportionately impacted by the COVID-19 emergency; \$3 million in support for child care workers who have been performing essential work during the COVID-19 public health emergency) as well as support for organizations, business districts, and service providers (e.g., \$1.2 million for programs and services for gender-based violence response services and investments in mental health and behavioral health services for individuals, youth, families, behavior health services; and \$4.3 million for capacity building to support homelessness service providers, permanent supportive housing (PSH) providers and non-PSH supportive housing providers).

The majority of the spending proposed in the Plan will be provided to organizations that provide critical services to the community (including \$28.5 million for acquisition and development of permanent affordable housing). The most significant proposed spending that provides direct support to people is the \$25 million for cash assistance to support Seattle's low-income households, prioritizing communities that have been disproportionately impacted by the COVID-19 public health crisis. In terms of direct financial assistance to businesses, the Plan includes \$22 million; some of that will be used for direct financial assistance (grants) to small- and micro-businesses and non-profit organizations to support reopening and recovery efforts; these funds can also be used to provide technical support to businesses and non-profits, as well as to provide grants to organizations to support neighborhood and downtown activation, special events, and other neighborhood-specific economic development priorities.

3. What will have the biggest impact (Balancing spending on one-time strategies (e.g., smaller grants to nonprofits and businesses) versus investments in long-term assets (building acquisition)?

The ARPA funds must be expended by the end of 2024; and the Plan is only authorizing spending on a one-time basis. The Plan includes proposed spending on a both one-time strategies and investments in long-term assets. One-time strategies include strategies such as grants to businesses and non-profits, grants to neighborhood organizations, or direct cash assistance. Investments in long-term assets include funding for the acquisition or

development of permanent affordable housing. The combination is intended to provide immediate aid to address critical needs in the community while also investing in strategies that will provide long-term benefits for the communities' health and economic recovery.

In addition to considering spending on one-time strategies versus investments in long-term assets, councilmembers may want to consider the proposed uses of federal funds that may set expectations for ongoing funding (e.g., investment in behavioral health services, or investments to enhance financial assistance and other supports for students enrolled in the Seattle Promise program). Such investments will need funding in future years or will need to be abruptly ended. In other cases, the proposed use will require funding beyond 2021 but is related to the City's ongoing COVID-19 response and recovery efforts (e.g., funding to support an impact analysis and evaluation of recovery investments, and data disaggregation). Any of the proposed spending in the Plan that assumes or may set expectation for ongoing funding, if approved, will need to be returned to for additional discussion as the Council considers the 2022 Proposed Budget later this year.

Next Steps

The Committee will consider amendments and may vote on the Seattle Rescue Plan 1 (CBs 120093 and 120094) on June 15, 2021. If needed, the Committee will continue discussion and vote on the Plan on June 15, 2021. Councilmembers requests for amendments are due to Central Staff by noon on Tuesday, June 8, 2021 for consideration at the June 15, 2021 meeting.

Attachments:

1. Seattle Rescue Plan Summary

cc: Dan Eder, Interim Director



Attachment 1: Seattle Rescue Plan Summary

On June 1, 2021, the City Council will introduce legislation to authorize spending resources provided from the Federal American Rescue Plan Act (ARPA). This includes \$116 million of Coronavirus Local Fiscal Recovery Funds the City will receive in 2021 and \$12.2 million of HOME Investment Partnerships Program funds. A second bill will be introduced later this summer to accept and authorize spending approximately \$7.4 million of targeted aid authorized in ARPA to support seniors, and \$28.7 million of targeted aid for rental assistance programs. The proposed uses of these new federal resources are informed by the principles and priorities established by the Council in Resolution 31999 and reflects shared priorities with the Mayor.

Proposed Investments by Category	
Housing and Homelessness	\$49.2 million
Community Well-Being	\$41.5 million
Community and Small Business Recovery	\$23 million
Community Assistance & Programming	\$7 million
Supporting City Services and Workers	\$7.6 million
TOTAL	\$128.4 million

Summary of Proposed Investments

Housing and Homelessness – \$49.2 million

Investments in Permanent Housing – \$36.5 million

- \$28.5 million for acquisition and development of permanent affordable housing prioritizing working with local, community-based, non-profit organizations that are culturally relevant and historically rooted, particularly when an acquisition is located in an area that is at high risk for displacement. For the purposes of these partnerships, the organization staff and board composition should reflect the community they purport to serve.
- \$6.7 million for rapid rehousing to help individuals and families to quickly exit homelessness and return to permanent housing. Rapid rehousing provides housing search services, financial assistance for up to 12 months for rent and move-in costs, and case management services.
- \$1.3 million in increased funding for diversion. Diversion provides services and flexible financial assistance to allow an individual or household to avoid becoming homeless. The services typically include family and landlord mediation, budgeting and financial counseling, and assessment and referral to income support programs and public benefits.

Resources for Emergency Housing, Shelter and Services – \$12.7 million

- \$7.5 million for an enhanced shelter and outreach program to support the County’s RFP for a program that uses a model similar to the approach piloted by JustCare.

- \$4.3 million for capacity building to support homelessness service providers, permanent supportive housing (PSH) providers and non PSH supportive housing providers.
- \$500,000 for RV safe lots, including case management to move those residing in RVs into permanent housing and services to meet the basic needs of RV residents utilizing the safe lot.
- \$400,000 to increase resources to support the operation, maintenance, and services for new Tiny Home Villages. These funds will be provided in concert with \$2 million for tiny home villages in the State 2021-2023 Capital Budget and unspent appropriations from Council Budget Actions HOM-008-B-002 and HOM-009-B-002 in the 2021 Adopted Budget to ensure that sufficient operational funds are available to establish the tiny home villages supported by the State’s capital funding.

Community Well-being – \$41.5 million

Community Assistance for a trauma-informed response – \$35.1 million

- \$25 million in direct cash assistance prioritized for those disproportionately impacted by the COVID public health crisis.
- \$5 million to support development or expansion of child care facilities.
- \$3 million to support child care workers who have been performing essential work during the COVID-19 public health emergency.
- \$1.2 million for programs and services for gender-based violence response services and investments in mental health and behavioral health services for individuals, youth, families, behavior health services.
- \$690,000 to support restaurants preparing free meals to those in need, while supporting local farms and producers and building long-term local supply chain relationships.
- \$225,000 to support organizations, such as WestSide Baby, to increase diaper distribution.

Digital Equity – \$800,000

- \$800,000 to expand the Digital Bridge Pilot, support for Digital Navigators, and Community Grants for one-time infrastructure investments to increase free Wi-Fi and other affordable connectivity options.

Reopening City Services – \$1.1 million

- \$1.1 million to restore operating hours at Seattle Public Libraries.

Youth Equity and Opportunity – \$4.5 million

- \$4 million for equity-focused and data-driven enhancements to the Seattle Promise program.
- \$500,000 to provide mini grants to community-based organizations for preemployment summer programming for BIPOC youth.

Community and Small Business Recovery – \$23 million

Neighborhood and Downtown Recovery – \$22 million

- Funding will prioritize those who have been unable to access other financial assistance, such as the Paycheck Protection Program, and may also be used to support innovative new businesses launched by BIPOC workers who lost their jobs or were forced to quit their jobs as a result of the pandemic.
 - Financial support to small- and micro-businesses and non-profit organizations to support reopening and recovery efforts, including support for affordable commercial space, securing long term leases, acquisition, and tenant improvement to build community wealth.
 - Financial support for arts and cultural organizations and businesses including stabilization grants and financial support for affordable commercial space.
- Technical assistance for small and micro-businesses and non-profit organizations to renegotiate leases, re-finance back rent, and continue to modify their business model in a post-COVID world, including in-language support.
- Recovery grants to support neighborhood and downtown activation, special events, and other neighborhood-specific economic development priorities.

Job Training – \$1 million

- \$500,000 to support retraining, pre-apprenticeship, and retention programs for displaced workers, targeting BIPOC workers and women with a focus on opportunities in construction, IT, blue/green manufacturing, or other high-paying industries.
- \$500,000 to partner with the Port of Seattle to provide youth employment/paid internship opportunities targeting BIPOC youth who are most underserved in our region between the ages of 16-24 years old.

Community Assistance & Programming – \$7 million

- \$2.5 million to make 20 of the 26 miles of Stay Healthy Streets permanent.
- \$1.4 million to support scholarships for child care services provided at SPR facilities this summer and fall; and to open eight wading pools, seven days a week, this summer.
- \$1.25 million for enhanced maintenance services at parks, community centers, and other parks facilities that are expected to see heavy use in spring, summer, and early fall.
- \$500,000 for an impact analysis and evaluation of recovery investments and will include data disaggregation as requested by community, and implementation of a unified application tool for City assistance programs.
- \$500,000 to support expanded activation at parks that builds community by providing cultural and recreational activities; and support artists and small businesses, including food trucks or food carts and other vendors, as they rebuild after the pandemic. This effort could serve as a model to be funded with future Jumpstart economic resiliency funding.

- \$375,000 to launch the Created Commons program that will bring cultural and artistic activation to public spaces in downtown and other neighborhoods.
- \$300,000 to support the continuation of free outdoor dining and retail permits for another year.
- \$200,000 for summer activation at Seattle Center.

Supporting City Services and Workers – \$7.6 million*

- \$6 million to continue to support flexible work by upgrading technology needs to support teleworking and on-site work and other IT needs that were reduced due to 2021 budget cuts.
- \$1.6 million to support workers returning to work and the public visiting City facilities with investments in deep cleaning City buildings, PPE, signage, air filtration, and space reconfiguration.

** The City is evaluating the potential to offer some form of additional compensation to acknowledge employees who have been reporting to a City workplace as part of providing essential public services during the COVID-19 public health emergency. If such an approach is pursued it would be implemented via future legislation.*