



City of Seattle
Human Services Department

DATE: June 16, 2010

TO: Housing, Human Services, Health and Culture Committee
Councilmember Nick Licata, Chair
Councilmember Sally Clark
Councilmember Tom Rasmussen

FROM: Sara Levin
Acting Director

Michael Look
CDBG Administrator

SUBJECT: 2010 Substantial Amendment to the Consolidated Plan

At your June 23rd meeting the Committee will receive a briefing on proposed amendments to the 2010 Update to the Consolidate Plan for Housing and Community Development. Staff from the Human Services Department, the Office of Housing, and the Office of Economic Development will be available to provide you with the details of changes to our plans for five fund sources from the U.S. Department of Housing and Urban Development (HUD): Community Development Block Grant (CDBG); Housing Opportunities for Persons with AIDS (HOPWA); HOME Investment Partnership; Emergency Shelter Grant Program (ESG); and the Neighborhood Stabilization Program (NSP). Most of these changes occur as a result of our estimate of 2010 funds from HUD, reflected in the 2010 Adopted Budget, being different from the actual awards, which are usually not announced until after the end of the first quarter of the calendar year. There is also one policy change being proposed by of Office of Housing to better assist low- and moderate-income people finance their home repairs. The legislation containing the amendments also authorizes the City to enter into contracts with HUD to receive these funds.

Below is a table showing the amounts anticipated in the 2010 Adopted Budget, compared to the actual amounts received from HUD. A "substantial amendment" to the 2010 Update to the Consolidated Plan is triggered by either substantive policy changes or budget changes of \$50,000 or more.

Fund Source	Adopted Budget	Actual Amount
Community Development Block Grant entitlement	\$13,000,000	\$13,058,449
Community Development Block Grant program income and unexpended balances	\$263,734	\$712,781
HOME Investment Partnerships	\$4,615,512	\$4,594,448
Emergency Shelter Grant Program	\$535,274	\$529,082
HOPWA	\$1,760,439	\$1,821,10
Neighborhood Stabilization Program	\$0	\$447,727

Kip Tokuda, Acting Director
Human Services Department
700 Fifth Avenue, Suite 5800
PO Box 34215
Seattle, WA 98124-4215

Tel (206) 386-1001
Fax (206) 233-5119
TDD (206) 233-2778
kip.tokuda@seattle.gov

Proposed Changes to CDBG Allocations

The actual CDBG resources available to us in 2010 are about \$500,000 more than we estimated in the fall of 2009. The bulk of this “surplus” is from program income – essentially repayments of home repair loans to low-income homeowners. Additional revenue was obtained from unexpended funds from previously-funded projects, and from a slight increase in our annual award from HUD.

The Executive proposes to use the \$500,000 in the following manner:

- \$300,000 to assist microenterprises (businesses of five persons or less) that have been underserved by traditional support programs and lenders. Activities will include connecting immigrant businesses with existing business support services, increasing management capacity by providing culturally appropriate business training, and increasing access to credit.
- \$150,000 to provide business improvement activities along the 14th Avenue South retail corridor in South Park in response to the closure of the South Park bridge. Activities will include connecting businesses with business consulting and financing services, creating a beautiful open space at the street-end of 14th Avenue South that will be public space for community events, marketing South Park as an attractive destination to visit and dine, and improving the storefronts in the business district to create a distinctive retail environment.
- \$50,000 to continue program support for CDBG management and reporting requirements.

Neighborhood Stabilization Program Supplemental Allocation

The State of Washington Department of Commerce has awarded Seattle an additional \$440,000 in NSP funds to help mitigate the effects of home foreclosures. This funding was not expected and will be used to continue the activities of the first round of NSP, which focuses on providing homebuyer opportunities to qualifying individuals and families. (These are HUD pass-through funds from the State and HUD requires that they be accounted for in the Consolidated Plan.)

Proposed Policy Revisions: HomeWise and Home Repair Programs

This legislation proposes a revision to the adopted policies of the City’s HomeWise and Home Repair Programs. The current policies call for interest rates on home repair loans to be “generally” set at 3%. In a response to the current economic climate, the amendment revises this policy to say that loans be “generally” set at 0%. This move recognizes that low-income homeowners, particularly seniors, are reluctant to take on additional debt to make necessary health, life, and safety improvements to their homes.

Other Minor Funding Changes

Attachment 1 to the proposed legislation details other minor changes made necessary by differences in actual awards against estimated awards. These do not result in programmatic changes or redistribution of funds.

If you have any questions, please contact Michael Look, CDBG Administrator, at 615-1717.

cc: Sara Levin
Acting Director, HSD