



**City of Seattle**  
Human Services Department

DATE: September 14, 2012

TO: Committee on Economic Resiliency and Regional Relations

FROM: Michael Look, Administrator  
Community Development Block Grant Unit

SUBJECT: Community Development Block Grant Line of Credit

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This memorandum provides background information to your discussion of the Rainier Valley Community Development Fund. The Fund uses an allocation from the City's Community Development Block Grant (CDBG) program to finance business assistance and real estate development projects in their service area. The CDBG is an annual allocation from the US Department of Housing and Urban Development (HUD) for the purpose of funding activities that provide a benefit to low- and moderate-income persons. Seattle's allocation of CDBG in 2012 is approximately \$9.3 million. These funds, plus related program income and carryover funds, are allocated by the City: to support emergency shelter and services for homeless persons; to preserve and develop affordable housing; and to promote economic development and job creation or retention, mainly in low- and moderate-income areas of the city.

The funds are provided to the City in the form of a line of credit, against which we draw upon when we have CDBG program expenses requiring reimbursement. One requirement of the CDBG program is that we spend out our funds in a "timely manner." "Timely manner" is defined as having no more than 1.5 times the current year's CDBG allocation in the line of credit as measured on November 1, 2012. This year, our timeliness measure is \$13.9 million; we are currently at \$18.6 million (as of August) and most likely will not meet the timeliness test in November.

Since this will be our first time in recent memory that we will not be meeting our timeliness measure, I do not anticipate a strong reaction from US HUD; more likely, HUD will send a letter stating the fact and requesting a plan to spend down the funds quickly so that we do not find ourselves in a similar situation in November of 2013. If by that date we are not timely in our expenditures, the consequences may be more severe.

The accompanying chart provides more detail as to our current CDBG program balances:

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<b>Department</b>	<b>Undisbursed Allocation (\$m)</b>	<b>dept'l detail (\$m)</b>
Human Services Department	\$3.891	
public services (homeless services)		\$2.342
community facilities		\$0.570
admin, plng, mgmt		\$0.979
Office of Economic Development	\$9.773	
Rainier Valley CDF		\$9.166
other OED		0.607
Office of Housing	\$5.010	
capital projects		3.848
planning & admin		0.441
other OH		0.721
<b>current CDBG line of credit</b>	<b>\$18.674</b>	
Line of Credit timeliness target (maximum)	\$13.901	
disbursements needed to meet target	\$4.773	
projected non-CDF, non-OH capital expenditures (admin, public services, plng, non-CDF OED, OH)	(\$1.983)	"routine" expenditures
<b>Amount of additional disbursements needed</b>	<b>\$2.790</b>	