

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing and Approving Community Development Block Grant Funding to Hopelink in the Amount of \$188,739 and Lake City Partners in the Amount of \$15,000 in Response to the COVID-19 Emergency
DEPARTMENT:	Community Services Division
PRESENTED BY:	Bethany Wolbrecht-Dunn, Grants Administrator
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

On March 27, 2020, the federal government passed the Coronavirus Relief and Economic Security (CARES) Act, which contains provisions across many federal agencies and programs to assist in health services, human services and to provide direct financial assistance to individuals and households related to the COVID-19 emergency. As part of this assistance, the CARES Act allocated \$5 billion for the US Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program. These funds are now referred to as CDBG-CV. The initial \$2 billion has been allocated to entitlement communities, including the City of Shoreline, using the same formula used for annual CDBG allocations.

Shoreline's entitlement of this first round of CDBG-CV funding is \$190,338, of which King County will retain 10% (\$19,304) to administer the funds, as outlined in the City's joint agreement with King County. Additionally, the City has access to an additional \$32,435 in repaid home repair loans available to allocate for COVID-19 response. This would bring the City's total CDBG funds available to allocate at this time to \$203,469.

In response to the needs of our community partners, the Council previously took action to establish the COVID-19 Emergency Community Response Grant Program, which to date has provided \$148,500 in City funding to assist local human services agencies respond to the COVID-19 emergency. As needs remain and are projected to continue, staff recommends that the CDBG-CV and reprogrammed CDBG funding be used to support targeted services through established programs provided by two community partners - Hopelink and Lake City Partners.

Tonight, staff are requesting that Council hold the required public hearing regarding the expenditure of CDBG funds and the adopt the proposed use of CDBG-CV and reprogrammed CDBG funding.

FINANCIAL IMPACT:

The CARES Act allocated \$190,338 in CDBG-CV funds for the City of Shoreline. Additionally, Shoreline has access to an additional \$32,435 in repaid home repair loans (program income) that is available to reprogram. King County, who manages planning and administration of the funds with HUD on behalf of Shoreline, will retain \$19,034; providing a total of \$203,739 to allocate to eligible programs.

RECOMMENDATION

Staff recommends that the City Council hold the required public hearing and then move to adopt the allocation of CDBG-CV and reprogrammed CDBG funding to Hopelink in the amount of \$188,739 and Lake City Partners in the amount of \$15,000, and authorize the City Manager to execute contracts and/or amendment to implement the funded programs.

Approved By: City Manager ***DT*** City Attorney ***MK***

BACKGROUND

The Federal Community Development Block Grant (CDBG) Program is one of the most enduring programs providing federal support to local jurisdictions. It was created under Title I of the Housing and Community Development Act of 1974. The primary objective of the CDBG program is the development of viable urban communities, by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. CDBG funds can serve households with incomes up to 80% of the King County median income (\$76,200 for a two-person household).

As a CDBG entitlement community, Shoreline receives an annual allocation of CDBG funds. The City has an Interlocal Agreement with King County for the administration and management of the City's CDBG grant. Generally, the City receives approximately \$322,000, of which the Interlocal Agreement allows the City to allocate 48% of the available funds to local projects. The balance is allocated to the delivery of regional programs that serve Shoreline residents and program planning and grant administration. In 2009, the federal government provided additional CDBG funds as part of the American Reinvestment and Recovery Act (2009 stimulus funding); with the primary goal to save existing jobs and to create new ones.

Due to the COVID-19 emergency, the federal government has taken several steps to respond to the crisis – one being the passage of the Coronavirus Relief and Economic Security (CARES) Act on March 27, 2020. The CARES Act is the largest economic relief program in US history and is providing an additional \$5 billion in CDBG funds. These funds are now referred to as CDBG-CV. The initial \$2 billion has been allocated to entitlement communities using the same formula used for annual CDBG allocations.

While most of the CDBG regulations remain, the CARES Act allows several changes to the CDBG-CV program, of which these are important in this discussion:

- Program must be in response to the COVID-19 emergency,
- Removes the cap of 15% of funds being use for public services, and
- Allows for a 5-day notice for the required Public Hearing and removes in-person hearing requirement.

Of the remaining \$3 billion remaining at the federal level for CDBG-CV funding, \$1 billion will go directly to states based on a new formula (generally for public health needs) and the remaining \$2 billion will be provided states and local governments based on a new formula to be developed by HUD that will prioritize certain data and demographics related to the pandemic. Thus, the City may see additional funds from this allocation, and staff will bring additional considerations back to Council for how to allocate this funding if Shoreline is awarded any of it.

DISCUSSION

Shoreline's entitlement of this first round of \$2 billion CDBG-CV funding is \$190,338, of which King County will retain 10% (\$19,304) to administer the funds, as outlined in the City's joint agreement with King County. Additionally, the City has access to an additional \$32,435 in repaid home repair loans available to allocate for COVID-19

response. This would bring the City's total CDBG funds available to allocate at this time to \$203,469. As the CARES Act removes the 15% maximum limit on the use of CDBG-CV funds for human services, staff is proposing to use the entire \$203,739 to support COVID-19 response assistance in the community.

The Shoreline City Council has taken several actions to support the City's local human services providers during the COVID-19 emergency, most notably being the development of the \$150,000 COVID-19 Emergency Community Response Grant Program. To date, \$148,500 of this funding has been provided to agencies to assist in their community response. However, as needs remain and are projected to continue, staff recommends that the CDBG-CV and reprogrammed CDBG funding be used to support targeted services through established programs provided by two community partners - Hopelink and Lake City Partners. The proposed funding plan for this CDBG funding is as follows:

Hopelink – \$188,739 for Financial Assistance

This program will provide financial assistance for housing, utility, and other payments on behalf of an individual or family in response to the COVID-19 emergency.

Lake City Partners – \$15,000 for Hotel Vouchers

This is a continuation of a program previously funded under the Council's COVID-19 Emergency Community Response Grant Program. Lake City Partners will provide temporary housing to homeless persons in local hotels in response to the COVID-19 emergency.

If the actual amount of funding available through CDBG-CV or CDBG program income fluctuates from what is recommended above, staff recommends that the Lake City Partners funded amount remain at \$15,000 and any allocation changes be made to the Hopelink program.

ALTERNATIVES ANALYSIS

The Council has several options in regard to the use of the CDBG program income and CDBG-CV funding. First, Council could choose to not allocate the \$32,425 in program income from repaid home repair loans at this time. An alternative would be to allocate the funds as part of the yearly CDBG process. If that alternative is selected, those funds would have to be used for capital project funding, as the CARES Act removes the limit of 15% use for human services. Staff does not recommend this alternative, as it is sometimes difficult to find viable capital projects for CDBG funding. Staff recommends using this funding now to support the COVID-19 emergency.

Additionally, Council could direct staff to consider and recommend different services, service providers or funding allocations to implement CDBG-CV eligible projects. Lake City Partners and Hopelink were selected to provide these services as they already provide similar programs and have systems in place to manage a federally funded program. As the COVID-19 emergency is currently underway, staff's desire to put the funding into action as quickly as possible has led staff to recommend agencies and programs with an established community presence and track record. As well, staff feels

that this funding allocation to these two service providers best meets their ongoing needs.

FINANCIAL IMPACT

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RECOMMENDATION

Staff recommends that the City Council hold the required public hearing and then move to adopt the allocation of CDBG-CV and reprogrammed CDBG funding to Hopelink in the amount of \$188,739 and Lake City Partners in the amount of \$15,000, and authorize the City Manager to execute contracts and/or amendment to implement the funded programs.