

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing and Discussion on the Community Development Block Grant Round 3 Funding from the Coronavirus Aid, Relief, and Economic Security Act
DEPARTMENT:	Community Services Division
PRESENTED BY:	Bethany Wolbrecht-Dunn, Community Services Manager
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" 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 contained provisions across many federal agencies and programs to assist in health services, human services and provided 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 and have been allocated in separate "Rounds" by HUD.

The initial \$2 billion was allocated to entitlement communities, including the City of Shoreline, using the same formula used for annual CDBG allocations. In May 2020, the City Council approved the allocation of \$190,338 of CDBG-CV Round 1 funds. After a 2% set aside for King County program administration, the remainder was allocated to Hopelink for rent assistance.

CDBG-CV Round 2 funds were provided only to states and insular areas. Round 3 allocations were announced by HUD in late 2020, with Shoreline receiving \$322,398. While the City allocated CDBG-CV Round 1 funds directly to a program, staff felt it was more appropriate to proceed with a request for proposals for the Round 3 funding. Tonight, staff are requesting that Council hold the required public hearing regarding the expenditure of CDBG funds and have discussion on the proposed use.

FINANCIAL IMPACT:

The CARES Act allocated \$322,398 in CDBG-CV Round 3 funds for the City of Shoreline. King County, who manages planning and administration of the funds with HUD on behalf of Shoreline, is estimated to retain \$6,448 (2%); providing a total of \$315,950 to allocate to eligible programs.

RECOMMENDATION

Staff recommends that the City Council hold the required public regarding the use of CDBG-CV Round 3 funding. Staff further recommends that Council approve the staff-recommended use of funding, totaling \$315,950, as scheduled on April 12, 2021.

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 annually, 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 has provided an additional \$5 billion in CDBG funds. These funds are now referred to as CDBG-CV and have been allocated in separate "Rounds" by HUD.

While most of the CDBG regulations remain, the CARES Act allows several changes to the CDBG-CV program, of which several are important to 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.

The initial \$2 billion of CDBG-CV funds was allocated to entitlement communities, including the City of Shoreline, using the same formula used for annual CDBG allocations. In May 2020, the City Council approved the allocation of \$190,338 of CDBG-CV Round 1 funds. After a 2% set aside for King County program administration, the remainder was allocated to Hopelink for rent assistance. Funding for the Lake City Partner Hotel Voucher program was also included in the Council recommendation. However, the approved plan also indicated that if other grant funding from the Federal Emergency Management Agency (FEMA) was available for the Hotel Voucher program, then that funding would be made available to Hopelink. Reimbursement from FEMA for the Hotel Voucher Program is included in a FEMA reimbursement, so all CDBG-CV funds were then allocated to Hopelink.

Of the \$3 billion remaining at the federal level for CDBG-CV funding from the CARES Act, \$1 billion is being provided directly to state and insular areas. The remaining \$2 billion is being provided states and local governments based on a new formula

developed by HUD that prioritized certain data and demographics related to the pandemic. Shoreline is eligible for \$322,398 in CDBG-CV Round 3 funding.

DISCUSSION

Shoreline's entitlement of this final round of CDBG-CV funding from the CARES Act is \$322,398. 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 \$315,950 remaining after King County planning and administration costs (\$6,448; 2% of total award) to support COVID-19 response assistance in the community.

Request for Proposals for CDBG-CV Round 3 Funds

Given the large amount of CDBG-CV funding available and the known needs to respond to the COVID-19 emergency, staff developed a request for proposals and invited agencies to apply. In order to limit the number of applications, staff accepted applications in only the following categories:

- Food Assistance,
- Rental Assistance,
- Behavioral Health, and
- Services for Students Affected by School Closures.

Agencies had approximately three weeks to complete the application, and staff received five applications from four agencies, totaling \$606,179 in requests.

Agency	Project Name	Project Description	Request
Hopelink	Financial Assistance	Assist approximately 50 households with up to \$3000 for rent assistance over 6 months.	\$150,000
YMCA	Backpack Meals	Provide meals to 150 King County Housing Authority households.	\$78,000
YMCA	Rental Assistance	Rental assistance for up to 6 months for 17 households.	\$150,000
Center for Human Services	Mental Health Case Management	Assist approximately 50 clients with 750 hours of case management.	\$78,179
Lake City Partners	Homeless Rent Assistance	Provide rent assistance to 50 residents.	\$150,000
Total			\$606,179

Proposed Funding Plan

Upon reviewing and evaluating these five proposals received, staff is proposing the following funding plan for this CDBG-CV funding:

- ***Hopelink – Rent Assistance - \$137,771***
This program will provide rental assistance on behalf of an individual or family in response to the COVID-19 emergency.
- ***Center for Human Services – Mental Health Case Management - \$78,179***
This program will respond to the increased need for mental health services related to COVID-19.

- **Lake City Partners – Rent Assistance – \$100,000**
Rent and housing assistance will be provided on behalf of an individual or family in response to the COVID-19 emergency.

As staff does not know the exact percentage that King County will reserve for program administration, if any changes to the program funding levels are needed, it is recommended that the first \$5,000 in program funding reductions come from Hopelink and the second \$5,000 in program funding reduction come from Lake City Partners. Any increases in program funding amounts will be allocated to Hopelink.

ALTERNATIVES ANALYSIS

The Council has several options in regard to the use of the CDBG-CV funding. Council could direct staff to consider and recommend different services, service providers or funding allocations to implement CDBG-CV eligible projects. Programs proposed for funding have an established track record and community presence in Shoreline. Furthermore, staff feels that this funding allocation to these service providers best meets the ongoing needs as related to the COVID-19 emergency.

FINANCIAL IMPACT

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