

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing and Action on Change of Scope for Community Development Block Grant Coronavirus Aid, Relief, and Economic Security Act Funding in the Amount of \$104,780 for Lake City Partners Ending Homelessness
DEPARTMENT:	Recreation, Cultural, and Community Services
PRESENTED BY:	Bethany Wolbrecht-Dunn, Community Services Manager
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 contained provisions across many federal agencies and programs to assist in health services, human services and 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 and have been allocated in separate “Rounds” by HUD.

In the third round of CDBG-CV allocation funding, Shoreline received \$322,398. The funding plan included funding for the Center for Human Services (\$81,916), Hopelink (\$144,357), and Lake City Partners Ending Homelessness (\$104,780). Staff and Lake City Partners are now requesting a change of scope of their CDBG-CV funds from rent assistance to shelter operations. Tonight, the City Council is scheduled to hold a required Public Hearing on this change of scope. Following the Public Hearing, Council is scheduled to take potential action on this proposed reallocation of CDBG-CV funds.

FINANCIAL IMPACT:

There is no financial impact to the City in the reallocation of these funds. These funds will be part of the 2022 budget carryover and budget amendment process that Council is scheduled to take action on in April 2023.

RECOMMENDATION

Staff recommends that the City Council hold the required Public Hearing regarding the use of these reprogrammed CDBG-CV funds, discuss and approve the recommendation to change the project scope for the Lake City Partners Ending Homelessness Project in the amount of \$104,780 and authorize the City Manager to enter into any implementing agreements.

Approved By: City Manager **BE** 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 (\$76,250 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.

Biannually, the City adopts a Human Services Funding Plan, most recently at the [October 10, 2023 Council meeting](#). The 2023-2024 Human Services Funding Plan allocated both General Fund and CDBG funds to agencies to support programs benefitting Shoreline residents, as well as provide for capital projects that support projects for low- and moderate-income persons.

The CDBG program has also been utilized by the federal government as a conduit for funding during economic or other emergencies. During the COVID-19 emergency, the federal government took 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 was 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.

In [May of 2020](#), Council approved the use of \$218,966 in Round 1 CDBG-CV funding to Hopelink for Rental Assistance, including approximately \$32,000 in prior year CDBG funds. All Round 1 Funds have been expended, assisting 89 households.

Round 2 CDBG-CV funding is a portion of the CDBG-CV funds that the State of Washington allocated to King County, who in turn, provided to eligible cities (including Shoreline). These funds are contracted with the Shoreline/LFP Senior Center in response to their stated need of behavioral health case management for their clients. This is the only senior center in the Sound Generations system that is not able to provide this type of service. This program was put into place in late 2021 and will be funded with these CDBG-CV funds through May of 2023. Council approved \$82,000 in one-time City General Funds as part of the 2023-2024 Budget to fund this program through the biennium. By the end of 2022, 59 individuals have been assisted through this program.

The Round 3 CDBG-CV funding plan was developed through a call for projects in early 2021. The City Council approved the use of these funds in [April 2021](#) (the final funded amounts are slightly higher than shown in the original staff report due to King County

reserving a smaller portion for their administration of the City's allocation). The Round 3 funded allocations are as follows:

- The Center for Human Services - Behavioral Health Case Management - \$81,916
- Hopelink - Rental Assistance - \$144,357
- Lake City Partners Ending Homelessness - Rent Assistance - \$104,780

The Center for Human Services expended all of their Round 3 funding in 2021 and through the program provided 502 direct hours of case management services to 177 Shoreline residents. At the end of 2022, Hopelink has approximately \$38,000 remaining in Round 3 funding after serving 47 households through 2022.

DISCUSSION

As noted above, Lake City Partners had originally planned to use their Round 3 CDBG-CV funds for rent assistance. However, with several changes in leadership and a need to effectively manage their main programs (of serving the unhoused in The Oaks and through housing outreach), Lake City Partners has been challenged to be able to develop a program within the originally approved CDBG project scope that would meet all reporting requirements and not distract from their core work. Thus, staff and Lake City Partners are requesting that Council hold a Public Hearing (required by CDBG program) and approve an amendment to change the use of the funds to allow the funds to be used to support shelter operations, which is a need for them. Yearly operations at the shelter were originally estimated to cost \$1.7 million, but in practice, operating costs have been approximately \$2.0 million per year.

ALTERNATIVES ANALYSIS

The Council has several options in regard to the use of this CDBG-CV funding. The preferred option is to approve the change in scope for Lake City Partners Ending Homelessness. Another option would be to not approve the change of scope, and then Council could direct staff to develop a different recommendation for the use of these funds. This is not recommended, as further delay in the implementation of the CDBG-CV funds could result in a need to return the funds to King County, rather than continue to be able to be used locally.

FINANCIAL IMPACT

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RECOMMENDATION

Staff recommends that the City Council hold the required Public Hearing regarding the use of these reprogrammed CDBG-CV funds, discuss and then approve the recommendation to change the project scope for the Lake City Partners Ending Homelessness Project in the amount of \$104,780 and authorize the City Manager to enter into any implementing agreements.