

# Mayor and Council Communication

**DATE:** 05/19/20

**M&C FILE NUMBER:** M&C 20-0330

**LOG NAME:** 19NS CARES ACT HUDFUNDS SUBTSAMEND1

## **SUBJECT**

Approve a Substantial Amendment to the City's 2019-2020 Annual Action Plan for the Use of Federal Grant Funds in the Amount of \$6,810,056.00 to be Awarded by the U.S. Department of Housing and Urban Development from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Community Development Block Grant, Emergency Solutions Grant, and Housing Opportunities for Persons with AIDS Programs; Authorize Amendment to Citizen Participation Plan to Reduce Public Comment Period for CARES Act Related Activities from Thirty Days to Five Days; Authorize Execution of Related Contracts; Adopt Attached Appropriation Ordinance (ALL COUNCIL DISTRICTS)

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## **RECOMMENDATION:**

It is recommended that City Council:

1. Approve a Substantial Amendment to the City's 2019-2020 Annual Action Plan for submission to the U.S. Department of Housing and Urban Development for the use of federal grant funds in the Amount of \$6,810,056.00 to be awarded through the CARES Act Community Development Block Grant, Emergency Solutions Grant, and Housing Opportunities for Persons with AIDS programs, including allocations of grant funds to particular programs and activities as detailed below;
2. Approve an amendment to the City's Citizen Participation Plan to reduce the public comment period for CARES Act related activities from thirty days to five days;
3. Authorize the City Manager or his designee to execute contracts for eighteen-month terms with the nonprofit agencies listed in Tables 1, 2 and 3 below for CARES Act Community Development Block Grant (CDBG-CV), Emergency Solutions Grant (ESG-CV), and Housing Opportunities for Persons with AIDS (HOPWA-CV) grant funds, contingent upon receipt of funding and satisfactory completion of all regulatory requirements;
4. Authorize the City Manager or his designee to extend contracts for up to one year if an agency or department requests an extension and such extension is necessary for completion of the program, or to amend contracts if necessary to achieve program goals, provided any amendment is within the scope of the program and complies with City policies and all applicable laws and regulations governing the use of federal grant funds; and
5. Adopt the attached appropriation ordinance increasing the estimated receipts and appropriations to the Grants Operating Federal Fund in the amount of \$6,810,056.00 consisting of \$4,360,291.00 in CARES Act Community Development Block Grant (CDBG-CV) funds, \$2,202,959.00 in CARES Act Emergency Solutions Grant (ESG-CV) funds, and \$246,806.00 in CARES Act Housing Opportunities for Persons with AIDS (HOPWA-CV) funds, all subject to receipt of such funds.

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## **DISCUSSION:**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020 to respond to the many impacts of the COVID-19 public health emergency. The CARES Act includes provisions to help local governments prevent, prepare for and respond to the coronavirus, including providing for additional allocations of formula grant funds under the Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), and Housing for Persons with AIDS (HOPWA) programs administered by the U.S. Department of Housing and Urban Development (HUD). The City was notified on April 9, 2020 of awards of \$4,360,291.00 in CDBG-CV funds, \$2,202,959.00 in ESG-CV funds, and \$246,806.00 in HOPWA-CV funds. All of these funds must be used to prevent, prepare for, and respond to the coronavirus.

In order to allow local governments to act quickly to use the funds, the CARES Act also provides for certain waivers of federal statutes and regulations governing these programs, including a waiver of the customary 30-day public comment period for Substantial Amendments to the Consolidated Plan and Action Plan and a waiver of the standard 15% limitation on public services activities for the CDBG program. The CARES Act also instructed HUD to make additional awards of further CDBG-CV and ESG-CV funds to state and local governments based on factors such as economic and housing market disruption resulting from coronavirus, risk of transmission of the illness, number of coronavirus cases, and rates of homelessness. It is anticipated that the second allocation of ESG-CV funds for local governments will be announced by June 30, 2020, and the second allocation of CDBG-CV funds will be announced later this year.

To receive the initial award of CARES Act funds from HUD, the City must revise its Citizen Participation Plan to allow for a five-day public comment period for CARES Act related activities, and must prepare and submit a Substantial Amendment to its 2019-20 Action Plan which tells how the CDBG-CV, ESG-CV, and HOPWA-CV funds will be used. The proposed Citizen Participation Plan Amendment is attached to this M&C.

On April 29, 2020, the Community Development Council (CDC) as the City's advisory body for the use of CDBG, ESG and HOPWA funds, approved a recommendation that the City's Citizen Participation Plan be revised to authorize a five-day public comment period for Substantial Amendments related to the Coronavirus response. The CDC also approved a Substantial Amendment Action Plan for CARES Act grant funds based on the following principles:

- Addressing needs which HUD grant funds are uniquely qualified to meet and that other funding sources cannot serve (housing).
- Addressing the most urgent needs (food, shelter) and the needs of populations most sensitive to COVID-19 (elderly).

- Reliance on existing allocation processes and existing nonprofit partners to increase the speed and simplicity of service delivery and to reduce administrative challenges and compliance concerns.
- Consistency with local priority needs and goals previously established in the City's 2018-2022 Consolidated Plan.

Using these principles, three key activities were approved by the CDC for CARES Act funds: emergency rental assistance, services for the elderly, and employment-related services. Emergency rental assistance activities address both the Consolidated Plan goals for affordable housing and homeless services and may include homelessness prevention and rapid rehousing for persons already homeless. Services for the elderly address the Consolidated Plan goals for aging in place. Employment-related services address the Consolidated Plan goal for poverty reduction.

The CDC also approved a two-tier process for allocation of these CARES Act funds. Tier One funds totaling \$2,546,754.00 are recommended to be awarded directly to agencies for the activities listed in the Tables below so that services can begin as quickly as possible. Tier Two funds totaling \$2,924,143.00 (\$457,664.00 in ESG-CV and \$2,466,479.00 in CDBG-CV) will be awarded for the three above-listed priority activities through a competitive Request for Proposal process that identifies additional service-delivery partners by the end of May, for CDC review and approval in early June, and subsequent City Council approval.

A 5-day public comment period was held from May 4, 2020 to May 10, 2020. Notice of this public comment period was published in the *Fort Worth Star-Telegram*, posted on the City's website, and distributed through the *City News* and other ongoing communications activities of the City Community Engagement Office. Any comments received are maintained by the Neighborhood Services Department in accordance with federal regulations.

A summary of funding recommendations approved by the CDC is provided below. A spreadsheet of funding recommendations is also attached. This Substantial Amendment Action Plan for use of CARES Act funds under the CDBG-CV, ESG-CV, and HOPWA-CV programs will be submitted to HUD following City Council approval.

Indirect costs are not being charged to these grants, as the Neighborhood Services Department Indirect Cost rate was zero in the City's most recent Cost Allocation Plan.

### CARES ACT COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG-CV)

It is recommended that \$4,360,291.00 of CDBG-CV funds be allocated as follows:

- Emergency Rental Assistance Programs: \$1,866,479.00
  - These funds will be awarded on a competitive basis to agencies that administer emergency rental assistance consistent with a program model that provides up to three months of rental assistance for households with incomes at or below 80% of Area Median Income (AMI) who are late on their rent or unable to pay next month's rent. Eligible clients will pay 30% of current income toward their rent, will provide proof of income for all household members, will provide proof of reduction and/or loss of income due to the COVID-19 crisis; will provide a copy of their current lease; and will obtain verification of landlord's acceptance of terms and conditions of City rental assistance.
- Services for the Elderly: \$300,000.00
  - These funds will be awarded on a competitive basis to agencies that provide services to elderly persons to reduce their risk of COVID-19, such as in-home meals or other services, transportation, health and wellness-related services, and the like.
- Employment-related Services: \$300,000.00
  - These funds will be awarded on a competitive basis to agencies that provide services addressing COVID-related unemployment, such as job placement, training, coaching, and/or direct assistance to support employment or remove barriers to employment, such as child care, certifications, work clothing or tools, and related items.
- General Administration: \$872,058.00
  - Costs of planning for, administering, reporting on, and monitoring all activities paid for with CDBG-CV funds.
- Direct Awards to Public Services Agencies (\$1,021,754.00): Contracts are recommended for the following agencies and programs in the following amounts:

TABLE 1: CDBG-CV AGENCIES		
AGENCY	PROGRAM	AMOUNT
Housing Channel	Emergency Rental Assistance	\$350,000.00
Center for Transforming Lives	Emergency Rental Assistance	\$350,000.00
Meals on Wheels	Home Delivery of Meals/Food	\$200,000.00
Center for Transforming Lives	Micro-Enterprise Support	\$121,754.00
<b>TOTAL CDBG-CV CONTRACTS</b>		<b>\$1,021,754.00</b>

**CARES ACT EMERGENCY SOLUTIONS GRANT (ESG-CV)**

It is recommended that \$2,202,959.00 of ESG-CV funds be allocated as follows:

- Rapid Rehousing Programs: \$457,664.00
  - These funds will be awarded on a competitive basis to agencies that provide rapid rehousing assistance and accompanying support services to homeless persons living in shelters or on the streets.
- Administration: \$220,295.00
  - Costs of planning for, administering, reporting on, and monitoring all activities paid for with ESG-CV funds.
- Direct Awards to Public Service Agencies: \$1,525,000.00
  - Contracts are recommended for the following agencies and programs in the following amounts:

<b>TABLE 2: ESG-CV AGENCIES</b>		
<b>AGENCY</b>	<b>PROGRAM</b>	<b>AMOUNT</b>
Presbyterian Night Shelter of Tarrant County	Shelter Operations/Services	\$230,000.00
True Worth Place	Day Shelter Operations/Services	\$120,000.00
The Salvation Army, a Georgia Corporation	Homelessness Prevention	\$75,000.00
SafeHaven of Tarrant County	Rapid Re-Housing	\$100,000.00
Day Resource Center	Rapid Re-Housing	\$375,000.00
Presbyterian Night Shelter of Tarrant County	Rapid Re-Housing	\$300,000.00
The Salvation Army, a Georgia Corporation	Rapid Re-Housing	\$325,000.00
<b>TOTAL ESG-CV CONTRACTS</b>		<b>\$1,525,000.00</b>

**CARES ACT HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA-CV)**

It is recommended that \$246,806.00 of HOPWA-CV funds be allocated as follows:

- City's Neighborhood Services Department Community Action Partners (CAP) Program, Tenant Based Rental Assistance (TBRA) \$77,332.00
- Grant Administration: \$14,808.00
  - Costs of planning for, administering, reporting on, and monitoring all activities paid for with HOPWA-CV funds.
- Direct Awards to Public Service Agencies: \$154,666.00
  - Contracts are recommended for the following agencies and programs in the following amounts:

<b>TABLE 3: HOPWA-CV AGENCIES</b>		
<b>AGENCY</b>	<b>PROGRAM</b>	<b>AMOUNT</b>

Tarrant County Samaritan Housing, Inc.	Supportive Services, Facility-Based Housing Operations, Administration	\$77,333.00
AIDS Outreach Center	Short Term Rent Mortgage and Utility Assistance, Supportive Services, Administration	\$77,333.00
<b>TOTAL HOPWA-CV CONTRACTS</b>		<b>\$154,666.00</b>

All figures have been rounded to the nearest dollar for presentation purposes.

These programs are available in ALL COUNCIL DISTRICTS.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available in the current operating budget, as appropriated, in the Grants Operating Federal Fund. The Neighborhood Services Department will be responsible for the collection and deposit of funds due to the City. Prior expenditures being incurred the Neighborhood Services Department has the responsibility to validate the availability of funds prior to an expenditure being made. These are reimbursement grants.

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