



## Legislation Text

File #: ID#20-8320, Version: 1

### SUBJECT/RECOMMENDATION:

Recommend City Council approval of the Second Substantial Amendment to the City of Clearwater's 2019-2020 Annual Action Plan to reallocate existing funding and to budget for additional funding provided by the United States Department of Housing and Urban Development to address needs resulting from the COVID-19 Emergency.

### SUMMARY:

In response to the Coronavirus Pandemic (COVID-19) the United States Department of Housing and Urban Development (HUD) has notified the City of Clearwater that it will receive an allocation of \$858,968 of Community Development Block Grant Program - Coronavirus Response funds (CDBG-CV) to be used to prevent, prepare for, and respond to COVID-19. This allocation is associated with the third tranche of funding authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, which was signed by President Trump on March 27, 2020, to respond to the growing effects of this historic public health crisis.

The City of Clearwater's federal Annual Action Plan details the funding strategy for the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs each year. The Annual Action Plan implements a jurisdiction's multi-year Consolidated Plan and is developed through significant citizen participation, analysis, and planning. A first Substantial Amendment to the City's 2019 Annual Action Plan (AAP) was approved by the City Council on May 7, 2020 to incorporate \$492,592 from the first tranche of CDBG-CV funding.

The first Amendment to the 2019-2020 AAP allocated the first tranche of CDBG-CV funds and reprogrammed existing funds to address COVID-19 impacts. Reprogrammed funds included deducting \$300,000 of unencumbered funds from affordable housing programs to fund an emergency rent and mortgage assistance program. Now that other funding is available to fund a Rent, Mortgage and Utilities Assistance (RMU) Program, the HOME funds will be reprogrammed back to affordable housing programs. The remaining CDBG-CV funds will be distributed through three categories:

Residential RMU Assistance: ED&H will continue to administer a program to distribute funds for unpaid housing expenses to qualifying residents whose incomes have been affected by the pandemic. Additional CARES Act funds are also available for this program through a partnership with the Florida Housing Finance Corporation.

Public Services: For Program Years 2019-2020 and 2020-2021 and the CDBG-CV allocation, HUD has eliminated the requirement to spend no more than 15% of the respective allocation on Public Services. The proposed amendment budgets for expenditures in excess of the 15% cap for Public Services that mitigate or respond to impacts arising from the pandemic.

Program Administration: HUD regulations provide for up to 20% of CDBG-CV to be used for costs associated

with administering these programs.

The city's General fund is not impacted by the proposed amendment. The proposed Second Substantial Amendment is summarized below:

<u>Funding Source - Project Name</u>	<u>Current</u>	<u>Change</u>	<u>Proposed</u>
CDBG-CV - Business Assistance Program	\$394,074	-392,074	\$2,000
CDBG-CV - Rent/Mortgage/Utilities Assistance	\$0	+924,458	\$924,458
CDBG-CV - Public Services	\$0	+154,791	\$154,791
<u>CDBG-CV - Admin</u>	<u>\$98,518</u>	<u>+171,793</u>	<u>\$270,311</u>
CDBG-CV - Project Total	\$492,592	+858,968*	\$1,351,560

\*New CDBG-CV allocation under third tranche of CARES Act funding

HOME - RMU Assistance	\$300,000	-300,000	\$0
HOME - Multi-Family New Construction	\$819,001	+150,000	\$969,001
HOME - Owner Occupied Land Acquisition	\$100,000	+100,000	\$200,000
HOME - Owner Occupied New Construction	\$560,000	+50,000	\$610,000

Note: HOME fund balances shown do not represent the City's entire HOME budget, only those line items affected by reprogrammed funds.

City staff will recommend City Council approval of this item at the City Council Meeting scheduled for October 14, 2020.

**APPROPRIATION CODE AND AMOUNT:**

**USE OF RESERVE FUNDS:**