



## STAFF REPORT

**DATE:** April 28, 2020

**TO:** Kent Cagle, City Manager

**FROM:** Leslie Hinkle, Executive Director of Community Development

**SUBJECT:** Authorization of the Supplemental CDBG-CV funding and amendments to Annual Action Plans, Citizen Participation Plan and current and past CDBG and HOME program funding

### **BACKGROUND AND FINDINGS:**

*The Coronavirus Aid, Relief and Economic Security Act (CARES Act) signed into Public Law (116-13) on March 27, 2020 by President Trump made available \$613,676 to the City of Killeen in supplemental CDBG funding (CDBG-CV). Grantees received guidance describing the immediate availability of allowing for a five (5) day public comment period for amendments, uncapped percentage of CDBG funding for public services to prevent, prepare for, and respond to coronavirus, as well as other flexibilities. This is the first allocation of this type of funding; HUD is developing a formula to allocate a second round of CARES Act funding in the near future.*

HUD recommends the categories of allowable uses as broad categories under the CDBG-CV grant to enable swift implementation actions in protection of the Killeen community from COVID-19. Also, HUD is encouraging local communities to not duplicate efforts in the community that are being funded by other CARES Act programs, such as assistance from the Small Business Administration, the Department of Labor, etc.

City staff proposes to use \$150,000 of FY 19 CDBG funds from Monarch Education. City staff is proposing to reprogram this current CDBG project that has not complied with any formal request for grant agreement documentation with the City of Killeen. Additionally HUD has considered that this project is not an eligible activity. Advancement of this project and expenditure of the allocated CDBG funding is not anticipated. If the reprogrammed funds are not used in support of COVID-19 projects, the City can consider reallocation of this funding to other eligible projects when considering the proposed FY 20-21 allocation of HUD CDBG and HOME funding later this summer.

City staff is proposing to use HOME program funds from FY 17, 18 & 19 Community Housing Development Organization (CHDO) set aside funding in the amount of \$172,061.25. This funding is statutorily "set aside" for a qualified Community Housing Development Organization (CHDO); currently there is not such a qualified entity in the City of Killeen. This funding will be utilized for providing housing assistance for low income persons impacted by the COVID-19 pandemic.

The City is proposing to utilize the CDBG-CV funding and other current and past CDBG & HOME funding in this manner: eligible pre-award costs, public health and safety measures directly related to COVID-19, assisting low and moderate income households who are impacted by the pandemic with necessary housing assistance, and increasing necessary public service programs

to address community needs related to effects from COVID-19, and all other appropriate responses, allowable under HUD statutory and regulatory requirements, required of the City of Killeen to address effects on the Killeen community from COVID-19.

### **THE ALTERNATIVES CONSIDERED:**

1. Do not accept the CDBG-CV funding from HUD to protect, prepare, and prevent the spread of the Coronavirus in the Killeen community, nor reprogram funds from current and past years CDBG and HOME program to immediately protect, prepare, and prevent the spread of the Coronavirus (COVID-19) in the Killeen community.

2. Accept the CDBG-CV funding from HUD and reprogram funds from current and past years of CDBG and HOME grant programs to immediately protect, prepare, and prevent the spread of the Coronavirus (COVID-19) in the Killeen community.

### **Which alternative is recommended? Why?**

The City is recommending to accept the CDBG-CV funds from HUD and reprogram available funding from current and past years of CDBG and HOME programs to immediately protect, prepare, and prevent the spread of COVID-19, utilize the HUD waivers for the virtual public hearings for citizen comments, uncap the public service category of CDBG funds and allow a 5 day public comment period for the amendments to the Annual Action Plans and the Citizen Participation Plan for the proposed use of the CDBG-CV, CDBG, and HOME funding to immediately protect the Killeen community, prepare our first responders, community partners, and City staff in the prevention and further spread of COVID-19 in the Killeen community.

### **CONFORMITY TO CITY POLICY:**

Yes, as the above described plans are amended as requested.

The action conforms to City policy through following adopted procedures with regard to development of annual action plans.

### **FINANCIAL IMPACT:**

#### **What is the amount of the expenditure in the current fiscal year? For future years?**

Current fiscal year expenditures are anticipated at \$613,676 in CDBG-CV, \$150,000 in reprogrammed FY19 CDBG funding, and \$172,061.25 in reprogrammed FY 17, 18 and 19 reprogrammed HOME CHDO set aside funding. Additional CARES Act funding from HUD is expected in the near future; expenditures may run into the next fiscal year.

#### **Is this a one-time or recurring expenditure?**

These expenditures will be used to prevent, prepare for, and respond to the COVID-19 pandemic and effects on the Killeen community and particularly for low- and moderate-income persons directly impacted by the COVID-19 pandemic.

#### **Is this expenditure budgeted?**

No, if approved the funding will be included in the mid-year budget amendment in May.

**If not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

N/A

**RECOMMENDATION:**

Following the public hearing on April 28, 2020, Staff recommends:

1. Approve the amendments to the Citizen Participation Plan and the Annual Action Plans.
2. Approve the supplemental funding from HUD for the CDBG-CV funding allowing the reprogramming of current CDBG funding and past year HOME program funding to utilize in the preparation, prevention and response to the corona virus pandemic for pre-award costs, public health and safety measures directly related to COVID-19, assisting low and moderate income households who are impacted by this pandemic with necessary housing assistance, and increasing necessary public service programs to address community needs related to effects from COVID-19, and all other appropriate responses, allowable under HUD statutory and regulatory requirements, required of the City of Killeen to address effects on the Killeen community from COVID-19.

**DEPARTMENTAL CLEARANCES:**

Finance

City Attorney

**ATTACHED SUPPORTING DOCUMENTS:**

CARES Act Notification Letter

DRAFT 2020 Citizen Participation Plan

Quick Guide CDBG Infectious Disease Response

Priority Listing

Ordinance