



## STAFF REPORT

**DATE:** June 15, 2021

**TO:** Kent Cagle, City Manager

**VIA:** Danielle N. Singh, Assistant City Manager

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

**SUBJECT:** Additional Funding for Texas Emergency Rental Assistance Program and the Texas Eviction Diversion Program from the Texas Department of Housing and Community Affairs

### **BACKGROUND AND FINDINGS:**

The Texas Department of Housing and Community Affairs (TDHCA) has made \$40 million in Community Development Block Grant (CDBG-CV) CARES Act funds available to entitlement communities in the state of Texas who have existing COVID19 rental assistance programs and have indicated an interest to participate in the Texas Emergency Rental Assistance Program (TERAP).

In February 2021, the City Council approved and the City's Community Development Grants Division was awarded \$239,332.33 in funding and has expended all the funding by assisting 53 households with six (6) months of rental assistance. TDHCA reached back out to the City to gauge if the City could continue with the program, if offered more funding. The additional funding being offered is \$304,800. The goal of the program is to help stabilize low- and moderate-income Texas renters impacted by COVID19 through the provision of up to six months of rental assistance.

TERAP provides rental assistance to income eligible households impacted by COVID19 to help them stay housed during the pandemic. Eligible households must have incomes at or below 80% of Area Median Income (AMI). The program can pay up to six months of an eligible household's rent, including rent in arrears, with at least one of those months covering a month of future rent or for rental payments going forward, for up to a total of six months. Any rental payments going forward must be for consecutive months.

The Texas Eviction Diversion Program (TEDP) provides rental assistance to tenants who have been sued for eviction, providing the landlord and tenant an alternative to eviction. This program allows eligible applicants who have fallen behind on their rent because of the impact of COVID19 and whose landlords have initiated eviction proceedings, to stay in their homes. TEDP is operated in partnership with the Supreme Court of Texas, the Office of Court Administration and local courts and provides referred income eligible, COVID19 impacted households with up to six consecutive months of rental assistance.

The grant funds also provide up to 10% of the total funds requested for administrative expenses to cover the cost of delivering the rental assistance: salaries, and related costs, supplies, overhead, equipment, transportation and mileage are eligible. One grant funded staff member was retained to assist with these two programs allowing for expeditious tenant application processing and rental payment processing to landlords that agree to participate in the program. Contract terms continue through January 14, 2022. We do anticipate finishing the contract prior to that date.

**THE ALTERNATIVES CONSIDERED:**

- 1) Do not accept the additional funds from TDHCA for emergency rental assistance and eviction diversion program
- 2) Accept and administer the funds for emergency rental assistance from TDHCA

**Which alternative is recommended? Why?**

Alternative 2 is recommended. There is still need in the Killeen community for emergency rental assistance for eligible households impacted by COVID19.

**CONFORMITY TO CITY POLICY:**

Yes

**FINANCIAL IMPACT:**

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

Original amount approved was \$239,332.33 total allocation, with \$23,933.23 for administration. Additional allocation is \$304,800.00 with administration allocation of \$30,480.00. For a total of grant funding \$544,132.33.

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

One-time

**Is this expenditure budgeted?**

Upon approval of budget amendment

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

Funding is from the Texas Department of Housing and Community Affairs. This is unspent state CDBG-CV funding that is now being allocated to entitlement cities that already administer emergency rental assistance programs.

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

Upon approval of budget amendment

**RECOMMENDATION:**

Recommend that the city council approve the additional funding from the Texas Department of Housing and Community Affairs to participate in the Texas Emergency Rental Assistance Program as a direct allocation to the City of Killeen and authorize the City Manager or designee to execute the Second Amendment to CDBG-CV TERAP Contract No. 70200001023.

**DEPARTMENTAL CLEARANCES:**

Finance  
Legal

**ATTACHED SUPPORTING DOCUMENTS:**

Contract Amendment