



Raleigh

MEMO

TO: Ruffin Hall, City Manager
Marchell Adams-David, Assistant City Manager

FROM: Larry M. Jarvis, AICP, Director

DEPARTMENT: Housing & Neighborhoods

DATE: April 17, 2020

SUBJECT: Programmatic Options for CARES Act HUD Funding

The COVID-19 pandemic in the United States has had unprecedented impacts on the daily lives of all citizens and to the nation's economy. On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress. The Act authorizes \$2 trillion in funding and other actions across a broad spectrum of federal agencies and programs. Through the Act, the City of Raleigh has been allocated supplemental funding from the U.S. Department of Housing and Urban Development (HUD) to provide assistance to low to moderate income persons adversely impacted by the pandemic. Under the Community Development Block Grant (CDBG) program, Raleigh has been allocated \$1,878,051 and under the Emergency Solutions Grant (ESG) program, the City has been allocated \$950,338.

As with all entitlement funds that flow to the City from HUD, a plan for the use of those funds must be submitted to and approved by HUD before the funds can be accessed. HUD has provided direction to satisfy this requirement by amending the City's current FY 2019-2020 HUD Annual Action Plan. City Council must conduct a public hearing on the amendment and approve its submittal. The amendment must be made available for public review and comment at least five days prior to the public hearing which will be held May 5. It should be noted that under the CARES Act, once HUD funds are accessible to the City, they can be used for the reimbursement of allowable costs previously incurred.

Complete guidance from HUD addressing program requirements and beneficiary eligibility guidelines are still pending but staff has begun consultation with Wake County and our non-profit partners to discuss how the funds can best be deployed to meet the needs of Raleigh residents. The unprecedented loss of income and what that does to potential housing insecurity has been the focus of discussions to date.

The Emergency Solutions Grant (ESG-CV) allocation to the City is \$950,338. Under the existing ESG program, the funds are used locally primarily for homelessness prevention and to re-house those who have become homeless. Assistance with rent and utilities up to three months coupled with supportive services as needed is provided. Households receiving such assistance can be recertified in subsequent three-month intervals up to a maximum of twenty-four months. HUD requires that households receiving assistance under the ESG

Municipal Building
222 West Hargett Street
Raleigh, North Carolina 27601

One Exchange Plaza
1 Exchange Plaza, Suite 1020
Raleigh, North Carolina 27601

City of Raleigh
Post Office Box 590 • Raleigh
North Carolina 27602-0590
(Mailing Address)

program have incomes at or below 30% of the area median income (AMI) adjusted by family size. As a point of reference, 30% AMI for a family of three is \$25,050.

Assistance provided under the ESG program is not dependent on citizenship or immigration status. Specific guidance from HUD states in part “immigration status is not a bar to providing certain services necessary to protect life of safety, such as emergency shelter, short-term housing assistance including transitional housing, crisis counseling and intervention programs”.

For the ESG-CV funds, staff recommends that the primary area of focus in deploying funds to non-profit service providers be homelessness/eviction prevention, e.g., rent and utility assistance for those who have been laid off, furloughed or have reduced hours due to COVID-19.

Staff recommends rapid re-housing as a secondary but still important focus. Consultations with service providers on the front lines will better inform the percentage of funds that should be allocated to each focus area.

The Community Development Block Grant (CDBG-CV) allocation to the City is \$1,878,051. Staff recommends a major focus on direct rent, utility and mortgage assistance for households above 30% AMI who are not eligible for ESG assistance. Although CDBG regulations allow households with incomes up to 80% AMI (\$66,750 for a family of three) to be assisted, staff recommends limiting assistance to households with incomes at or below 50% AMI (\$41,750 for a family of three) in order to serve those most in need.

Under the existing CDBG program there is a 15% cap on the amount of funding that can be spent on public services. That cap has been lifted for CDBG-CV. A staff recommended public service activity is operational support to non-profit service providers who are administering ESG-CV assistance programs or other responses to the pandemic.

As we further engage the non-profit community, we will better assess potential public service needs. Public services being considered by other localities include food assistance, shelters for social distancing, counseling and subsistence payments to families with children.

It should be noted that CDBG-CV funds can also be used to provide assistance to small businesses. However, economic development assistance under the regular CDBG program is typically tied to hiring or retaining low to moderate income employees.