



Office of the
**INDIAN RIVER COUNTY
ADMINISTRATOR**

Jason E. Brown, County Administrator
Michael C. Zito, Assistant County Administrator

MEMORANDUM

TO: Members of the Board
of County Commissioners

FROM: Jason E. Brown
County Administrator

PREPARED BY: Kristin Daniels
Director, Management & Budget

DATE: May 11, 2021

SUBJECT: American Rescue Plan Act of 2021 – Non-Profit Assistance Grant and
Down Payment & Rehabilitation Assistance Program Proposals

BACKGROUND:

On March 11, 2021, President Biden signed the \$1.9 trillion American Rescue Plan Act of 2021. The American Rescue Plan (ARP) as it is normally referred to, is a COVID-19 stimulus package that was intended to speed up the United States' recovery from negative economic health and economic impacts of COVID-19. Indian River County's ARP allocation is anticipated to be \$31,063,168.

On April 13, 2021 the Board of County Commissioners voted to allocate \$500,000 towards a Non-Profit Assistance Program, and \$4M to a Down Payment & Rehabilitation Assistance Program. The purpose of this agenda item is to detail both program proposals and obtain Board input in developing the program criteria. Initial guidance was first received from the Treasury Department on May 10th. Staff will continue to review that guidance and, if necessary, staff will bring back any proposed changes to the program requirements for Board approval at a later date.

Non-Profit Assistance Program

At the April 13, 2021 Board of County Commissioners meeting, an in-depth discussion arose regarding program criteria. Staff was asked to summarize the discussion points into a formal agenda item and present those findings to the Board for further review.

According to the Internal Revenue Service's (IRS) website, a total of 536 501(c)(3)'s and (4)'s are registered in Indian River County. Of those 536 non-profits, 80 have done business with the United Way or Indian River County over the past ten years (See Attached). Of the 80 eligible non-profits, 43 are located in the unincorporated County, 33 in the City of Vero Beach, 3 in the City of Sebastian, and 1 in the City of Fellsmere according to the IRS website (see list attached). The Board will need to address if funding will be provided to all non-profits within IRC, or only those located in the unincorporated area.

Staff is also seeking Board direction regarding what types of funding that the agencies may have already received that would disqualify them from receiving the \$10,000 non-profit assistance. It is likely that the vast majority of these non-profits have already received Payroll Protection Program (PPP) funding, and various other assistance via CARES Act or increased donor contributions. Assuming all of the 80 non-profits apply and qualify for the \$10,000 grant, a total of \$642,142.60 could be awarded. This amount is less than the maximum \$800,000 due to the fact that \$2,317,471.25 has already been awarded to these agencies through IRC CARES Act funding. Any funding previously received by the non-profit through the CARES Act would have their \$10,000 non-profit assistance grant reduced by that amount. Staff would recommend, at a minimum, that any support received from CARES Act funds would be deducted from the \$10,000 potential award amount. Criteria should also determine if assistance was requested or received from a municipality.

Various program criteria were discussed at the April 13, 2021 BCC meeting including:

- Non-Profit must employ executive/admin staff and have a Board of Directors
- Provide financial statements for the most recent fiscal year
- Provide the last 6 months of Board of Director meeting minutes
- Provide the number of clients served before and after COVID-19 (ex. March/April 2020 vs. March/April 2021)
- Revenue loss not included
- CPA review of financial statements
- Strategic Plan for operations going forward
- Must have done business with IRC or the United Way over the past 10 years

Staff is able to include each of these program criteria as part of the application process, but will need further direction in vetting these criteria. For instance, staff feels that any increase in demand for services or costs to provide services such as enhanced cleaning, facility improvements to promote social distancing, or PPE should be a qualifying event when analyzing the financial statements and amount of people served before and after COVID-19. However, the County does not require agencies who are awarded less than \$100,000 in funding to provide a CPA review of their financial statements as this review can be quite costly and would be a burden on smaller non-profit agencies. Staff is of the opinion that the request for a plan going forward could be any type of proof or attestation that the non-profit plan to remain in business in the future. A similar stipulation was also required of the small business grant assistance applicants.

Other valuable criteria that should be included are as follows:

- Have 25 or fewer full-time equivalent (FTE) employees
- Have been in operation prior to October 1, 2019

- Be current on all tangible personal property and/or real estate taxes
- Have no judgements, liens, bankruptcies, etc. against the non-profit business or owner
- Operate as a 501(c)(3) or (4), be in good standing with the State of Florida, IRC, and had received its non-profit status prior to March 01, 2020
- Grants cannot provide funding for religious or political activities (this would not exclude funding to religious or faith-based organizations providing charitable programs (e.g. Samaritan Center)
- Provide information regarding whether the entity has requested or received funding from a municipality.

All aforementioned criteria will be worked into the application packet that non-profit agencies will be provided and required to complete. The County would like to partner with the Small Business Development Center (SBDC) at Indian River State College to review these applications, similar to our partnership with implementing the Small Business Grant program. The SBDC does not wish to receive any financial compensation in return for their initial review and intake of applications. IRC staff will still be heavily involved in the process and will review each application once received, to ensure all grant requirements have been met by the qualifying non-profit agency. While there would not be an outside administrative charge for services, this will result in costs for County staff time to administer the program.

Housing Assistance Programs

On April 13, 2021 the Board of County Commissioners approved awarding \$4M of ARP funding towards Housing Assistance programs. The primary intent is to assist income qualified households in need to purchase or rehabilitate a residence that may not otherwise be affordable given the current economic conditions.

For residents of Indian River County, the primary source of housing rehabilitation and purchase assistance is the State Housing Initiative Partnership (SHIP) program. With the increased housing costs caused by COVID-19 (limited supply of housing, increased building material and labor cost, etc.), staff is proposing to add ARP funds to existing SHIP resources to make purchasing and rehabilitating housing more attainable.

Because ARP funding is potentially more flexible than SHIP funding, staff has also considered new programs that can be initiated to address the housing crisis. For discussion purposes, staff has proposed approximate funding levels for each of the proposed programs. These numbers are subject to change based on demand, funding levels, and yet to be released ARP guidelines. Initial proposed program guidelines and funding levels are contained on the attached American Rescue Plan Potential Housing Programs spreadsheet.

Supplemental Housing Assistance Rehab and Purchase (SHARP) program

- **Application Process**

Potential program recipients will initiate an application for purchase and/or rehabilitation through the County's existing SHIP program. ARP funds will be used in conjunction with the SHIP funds to match and supplement the County SHIP allocation in order to help more Very Low Income (VLI), Low Income (LI), and Moderate Income (MI) applicants and to lessen their debt burden.

Existing SHIP applicants will be prioritized for the new program, while new applicants will be handled on a first-come, first-served basis.

Like the SHIP program, applicants are eligible for *Purchase Assistance*, *Rehab Assistance*, or *Both*.

- **Applicant Eligibility**

Staff is proposing to retain the SHIP standards of limiting assistance to *Very Low Income*, *Low Income*, or *Moderate Income* persons (See Attached).

- **Assistance Amounts**

Because the cost of homeownership increased due to the COVID-19 crisis, staff is recommending increases above SHIP program levels. For example, for VLI persons, the existing level of \$20,000 will be increased to \$40,000 for Purchase Assistance and from the existing \$60,000 to \$70,000 for Rehab Assistance (when not part of home purchase). Staff is proposing \$1,450,000 for individual purchase and rehab assistance.

- **Repayment**

Under the SHIP program, recipients must repay their assistance if they sell their homes within a 10-year or 20-year timeframe. Under the new program, ***only the SHIP component of this assistance will need to be paid back***. The ARP assistance is in the form of a federal grant and at this time there is no provision for recapturing funds.

Additional Housing Programs

In 2019, the County’s Affordable Housing Advisory Committee (AHAC) has adopted strategies to promote affordable housing in Indian River County. Drawing upon AHAC recommendations, prior BCC discussions, and other identified community needs, staff has identified new potential programs for consideration by the Board. Proposed funding totals for these programs are shown in parentheses.

- *Low Income Housing Tax Credit (LIHTC)* project assistance – This federal (state run) program leverages large amounts of federal assistance toward new housing community construction. Staff is recommending up to \$400,000 in assistance to a qualified LIHTC developer (\$400,000 allocation).
- *Accessory Dwelling Unit Program* – Accessory Dwelling Units (ADUs) are encouraged as a way to enable affordable housing options for multi-generational family needs, such as a couple taking care of an elderly relative. Staff is recommending assistance on a “sliding scale” for construction of an ADU for an occupant household earning up to 120% of Average Median Income (\$450,000 allocation).
- *Non-Profit Housing Community Rehab Program*. Non-Profit housing grants of up to \$400,000 per applicant for rehab and infrastructure repair for qualified Non-Profit Housing Communities (\$600,000 allocation).

- *Non-Profit Housing Construction Program.* Non-Profit housing assistance of up to \$60,000 per unit for construction of cost-efficient duplex and townhouse units for occupancy by disadvantaged populations such as homeless Veterans (\$400,000 allocation).
- *Gifford Gardens Redevelopment.* To incentivize developer commitment to this project, staff is recommending participation in the project's design engineering and infrastructure costs (road construction/installation, retention pond installation, site grading, water/sewer line installation) (\$350,000 allocation).

Administrative and Other Considerations

In order to effectively operate this program, staff is proposing utilizing approximately 8.75% of the ARP funds for administrative costs, including new positions and temporary administrative services, slightly less than the administrative percentage used for the SHIP program (\$350,000 allocation).

Finally, it has been mentioned in the past that workforce housing for essential employees (such as teachers, first responders, and health care workers) is a possible priority for funding. Staff recommends that additional assistance of up to \$10,000 per applicant from existing funds be made available to these or other targeted populations.

At this time, staff is seeking general direction with respect to the proposed programs and corresponding funding allocations. In light of evolving federal guidance, staff will return with specific guidelines for approved programs.

RECOMMENDATION:

1. Staff recommends that the Board of County Commissioners consider the proposed criteria for the Non-Profit Assistance Program as outlined below, determine any adjustments as needed and approve criteria with any changes, if necessary.
 - Non-Profit must employ executive/admin staff and have a Board of Directors
 - Provide financial statements for the most recent fiscal year
 - Provide the last 6 months of Board of Director meeting minutes
 - Provide the number of clients served before and after COVID-19 (ex. March/April 2020 vs. March/April 2021)
 - Revenue loss alone would not make entities eligible for funding
 - Experienced an increase in demand for services or costs to provide services
 - CPA review of financial statements
 - Strategic Plan for operations going forward
 - Must have done business with IRC or the United Way over the past 10 years
 - Have 25 or fewer full-time equivalent (FTE) employees
 - Have been in operation prior to October 1, 2019
 - Be current on all tangible personal property and/or real estate taxes
 - Have no judgements, liens, bankruptcies, etc. against the non-profit business or owner

- Operate as a 501(c)(3) or (4), be in good standing with the State of Florida, IRC, and had received its non-profit status prior to March 01, 2020
 - Grants cannot provide funding for religious or political activities (this would not exclude funding to religious or faith-based organizations providing charitable programs (e.g. Samaritan Center)
 - Entity must be located within the unincorporated area of Indian River County according to IRS registration.
2. Staff recommends that the Board of County Commissioners consider the proposed criteria for the Supplemental Housing Assistance Rehab and Purchase (SHARP) Program as outlined below, determine any adjustments needed and approve the criteria with any changes, if necessary.
- Program is limited to Very Low Income (VLI), Low Income (LI), and Moderate Income (MI) Households
 - Program will be administered in conjunction with the County's existing SHIP program
 - Individual Assistance levels will be increased above SHIP limits due to the increasing cost of homeownership in Indian River County (See Attached), with an additional \$10,000 for eligible essential employees such as teachers, first responders, and health care workers
 - In the event the grantee moves out or sells the home within a specified timeframe, only the SHIP portion of the assistance will need to be repaid
3. Staff recommends the Board of County Commissioners approve the following Additional Housing Assistance Programs as outlined below, determine any adjustments needed and authorize staff to develop detailed criteria for the additional programs with any changes, if necessary.
- Low Income Housing Tax Credit (LIHTC) project assistance (\$400,000 allocation)
 - Accessory Dwelling Unit Program (\$450,000 allocation)
 - Non-Profit Housing Community Rehab Program (\$600,000 allocation)
 - Non-Profit Housing Construction Program (\$400,000 allocation)
 - Gifford Gardens Redevelopment (\$350,000 allocation)

At this time, staff is seeking general direction with respect to the proposed programs and corresponding funding allocations. In light of evolving federal guidance, staff will return with specific guidelines for approved programs.

ATTACHMENTS:

1. List of Eligible Non-Profits in Indian River County
2. Non-Profit Assistance Application
3. American Rescue Plan Potential Housing Programs spreadsheet
4. SHIP Income Categories table