

**INDIAN RIVER COUNTY, FLORIDA**

**M E M O R A N D U M**

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**TO:** Jason E. Brown; County Administrator

**THROUGH:** Phillip J. Matson, AICP; Community Development Director

**FROM:** Bill Schutt, AICP; Chief, Long-Range Planning

**DATE:** August 9, 2020

**RE:** Consideration of Coronavirus Relief Fund (CRF) Agreement with Florida Housing Finance Corporation (FHFC), Consideration of Local Parameters for Fund Utilization, and Consideration of County Staffing and Outside Agency Assistance to Administer the Program

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It is requested that the following information be given formal consideration by the Board of County Commissioners (BCC) at its regular meeting of August 18, 2020.

**BACKGROUND**

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act) established the \$150 billion Coronavirus Relief Fund. These funds are intended to assist governments with navigating the impact of the COVID-19 outbreak. The United States Department of the Treasury made direct payments to States and Counties with populations in excess of 500,000. The State of Florida has planned to disburse nearly \$1.3 billion to Counties with populations of less than 500,000 that did not receive a direct allocation. Funding is being disbursed by the state through various agencies, including the Florida Division of Emergency Management (FDEM), and through the Florida Housing Finance Corporation (FHFC). Each applicable state agency is responsible for coordinating with local governments and rolling out their portion of the funding.

On July 14, 2020, the BCC considered the first \$6.97 million allocation from the FDEM's overall proposed \$27.9 million allocation to Indian River County. At that time the BCC allocated FDEM CARES Act funding to various activities, area municipalities, and outside agencies for COVID-19 response. **This staff report will focus on a more recent and separate allocation specific to housing assistance announced by the FHFC.**

The FHFC was allocated \$250 million by the State from the Coronavirus Relief Fund (CRF), of which \$120 million may be used for rent and mortgage assistance, related expenses, and housing

rehabilitation by State Housing Initiative Partnership (SHIP) jurisdictions. The FHFC has chosen to release the \$120 million in funds in two rounds. The first round is \$75 million, and the second round is the remaining \$45 million. Of the \$75 million from the first round, Indian River County has been awarded an initial allocation of \$572,301, up to 10% of which may be used to cover administration costs. These funds will be paid in one lump sum payment, and will be audited to ensure compliance with program eligibility. Disbursement will occur after the County executes a Sub-recipient agreement with the State (Attachment 1). The second round of allocations from the state will occur no later than October 15<sup>th</sup> 2020. Disbursement amounts will be based upon updated re-employment figures and local government performance in spending the first allocation.

Similar to the FDEM funds, the **FHFC funds must be fully expended by the County by no later than December 30, 2020.**

At this time, it is requested that the BCC review and consider the proposed agreement with the state, consider general parameters for disbursement of funds to homeowners and renters within Indian River County and cities within the County, and consider options for utilizing staff from the County and outside agencies to administer the program.

## **ANALYSIS**

### **Agreement with FHFC**

The proposed agreement with the FHFC provides a list of pre-approved activities that the County may select from to implement and outlines the general parameters for disbursing those funds. The County may choose to modify how it chooses to disburse the funds based on the general parameters. Key parameters are reviewed below along with recommendations from staff.

#### *Eligible Pre-approved Activities*

Per the agreement, the County may choose to disburse funds for any or all of the following activities:

1. Rental assistance payments (including back rent, deposits and utility payments);
2. Mortgage payments and buydowns;
3. Emergency repair of housing;
4. Assistance to homeowners to pay insurance deductibles;
5. Housing re-entry assistance, such as security deposits, utility deposits, and temporary storage of household furnishings;
6. Foreclosure or eviction prevention, including monthly rent and associated fees; and
7. Homeownership counseling.

Given the limited amount of funding allocated to the County and the complexities of administering multiple activities in a short time frame, staff recommends that the BCC direct staff to focus on mortgage and rental payments, including deposits for housing re-entry assistance, and back payments and current monthly payments. For mortgage payments, escrowed insurance and taxes may be

included with principal and interest payment to a lender.

*Maximum Household Assistance Amount*

Neither Federal rules nor the agreement from the state set a cap for the maximum amount of assistance that may be awarded for any given household. Because of limited funds and an anticipated high demand for the funds, staff recommends that the County establish a cap of no more than \$1,500 in assistance per household per month for 3 months (no more than \$4,500 in total assistance per household). Based on this assistance level, a minimum of 114 households could be assisted with the first round of funding from the FHFC (see tables 1 and 2 below). Additional households could be assisted if all households do not need the full \$1,500 per month and if a second round of funding is received from the FHFC.

<b>Table 1</b>		
<b>Calculation of Funds Available for Households After Administration Funds Are Deducted</b>		
<b>Award Amount</b>	<b>10% Administration Funds</b>	<b>Remaining for Disbursement</b>
\$572,301	\$57,230.10	\$515,070.90

<b>Table 2</b>		
<b>Estimated Minimum Number of Households to be Assisted</b>		
<b>Grant Funds Available After Admin. Funds</b>	<b>Maximum Award per Household</b>	<b>Potential Number of Households to Assist</b>
\$515,070.90	\$4,500	114

*Period of Performance*

The term of the agreement is from the Effective Date through March 31, 2021. The County has until December 30, 2020 to expend the funds. The County may utilize funds for eligible activities going back to March 1, 2020.

*Income Eligibility*

Per the agreement, the county may assist households with incomes below 120% of Area Median Income (AMI). The County may also choose to set a household assistance cap at any point below 120% of AMI. Based on research completed this past year by the County’s Affordable Housing Advisory Committee (AHAC), and the limited funds available, staff recommends that the County set a household assistant cap of 80% of AMI.

*Advertisement for Applicants*

The proposed agreement establishes advertisement requirements for announcing the availability of funds. Per the agreement, the County is required to publish an ad in the newspaper and where available to advertise in periodicals serving racially, ethnically and income diverse neighborhoods, at least 10 days before the beginning of the application period. Since creating the agreements, the FHFC has issued guidance modifying this requirement to allow local governments to use their website and social media accounts available to the public. Staff proposes to follow the FHFC's most recent guidance and advertise on the County website and issue a press release.

### *Staffing/Administration*

Since the FHFC CRF's are being channeled through the State's existing SHIP network, staff from each community's SHIP program are being asked to take the lead with disbursing the funds and administering the program. In reaching out to other communities, County staff has found that those communities have or are substantially gearing up staff levels to handle initial phone calls, develop application intake processes, reviewing applications for completeness, working with applicants to submit appropriate back-up documentation to verify need and eligibility, working with applicants to properly complete applications, and working with mortgage companies, lenders, and landlords to obtain proper documentation for staff to then issue payments. In addition, monthly reports will need to be prepared and provided to the state, and spreadsheets will need to be developed and maintained to track activities and payments.

In the longer term, state and federal rules require that files for every applicant be kept and maintained for 5 fiscal years after funds have been expended or 5 years after the expiration date of a use restriction. Staff will need to be available and have the files available for any future audits.

Currently, the County's SHIP program is minimally staffed by a SHIP Administrator that handles many other roles/responsibilities at the County (Chief of Long Range Planning). While staff is in the process of working with County Human Resources to hire a temporary staff person to work with the program (to be paid with CRF funds), staff recommends that the County Administrator be authorized to enter into an agreement with one or more outside agencies to assist with processing applications, awarding funds, and preparing payment requests. Alternatively, additional County staff may be pulled in from other departments/sections to assist.

### **Agreement with Sub-recipient(s)**

In anticipation that SHIP communities will need assistance from outside agencies, the FHFC prepared a template sub-recipient agreement for communities to use (Attachment 2). Should additional assistance be needed to process applications, award funds, and prepare payment requests, staff recommends that the BCC authorize the County Administrator to use the template sub-recipient agreement, as may be adjusted to meet local conditions and requirements, and authorize the County Administrator to allocate allowable CRF Grant Administration funds to those agencies.

### **FUNDING**

The proposed program will be funded through the grant agreement with the FHFC. No additional funding is proposed.

### **ALTERNATIVES**

With respect to the proposed FHFC Agreement, the Board of County Commissioners has two alternatives. These are:

1. To approve the agreement as proposed; and
2. To reject the proposed agreement.

Staff supports alternative 1.

### **RECOMMENDATION**

Staff recommends that the Board of County Commissioners:

1. Approve the CRF Agreement with the FHFC;
2. Approve the parameters of the program as outlined in the agreement and this staff report;
3. Authorize the County Administrator or his designee to make adjustments to the program activities to address needs of the community;
4. Authorize staff to proceed with the program for any additional funding that is received from the state (including a second anticipated round of funding, and any potential future allocation from the state); and
5. Authorize the County Administrator to negotiate sub-grantee agreements with any interested partner agencies using the template agreement from the FHFC and authorize the County Administrator to allocate allowable CRF Grant Administration funds to those agencies.

### **ATTACHMENTS**

- 1.) Coronavirus Relief Fund (CRF) Agreement with Florida Housing Finance Corporation
- 2.) Template Sub-Grantee Agreement