CITY OF DURHAM | NORTH CAROLINA

Date: **April 3, 2012**

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Interim Director
Department of Community Development
Subject: Approval of the Proposed Amendment to the FY 2011-2012 Annual Action Plan

Executive Summary

In accordance with its Citizen Participation Plan and U.S. Department of Housing and Urban Development (HUD) regulations, the City of Durham proposes to amend its FY 2011-2012 Annual Action Plan (AAP) in order to receive a second allocation of $47,969.00 in Emergency Solutions Grant funds. The substantial amendment must be prepared and submitted in accordance with the recipient's citizen participation plan and the requirements of 24 CFR part 91, as amended by the Interim Rule. This Interim Rule, published in the Federal Register on December 5, 2011, revises the regulations for the Emergency Solutions Grants Program, which replaces the Emergency Shelter Grants Program. The City's first allocation of $85,279.00 is subject to the Emergency Shelter Grant Program regulations and the second allocation of $47,969.00 is subject to the Emergency Solutions Grant Program. To receive the second allocation of ESG funds, the City must prepare and obtain HUD approval of a substantial amendment to its 2011-2012 AAP. The substantial amendment is due to HUD by May 15, 2012.

Recommendation

The Department of Community Development recommends that the City Council approve the amendment to the FY 2011-2012 Annual Action Plan (Attachment A); authorize the City Manager to execute all administrative requirements and contractual documents

necessary for the implementation of the amended Annual Action Plan; adopt the City of Durham/U.S. Department of Housing and Urban Development Emergency Solutions Grant Project Ordinance in the amount of $133,248.00 (Attachment B).

Background

The ESG program changes are a result of the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act). The HEARTH ACT, enacted into law on May 2009, consolidates three separate homeless assistance programs administered by HUD under the McKinney-Vento Homeless Assistance Act into a single grant program, and revises the Emergency Shelter Grants program and renames it as the Emergency Solutions Grants (ESG) program. The HEARTH Act also codifies into law the Continuum of Care (CoC) planning process, a longstanding part of HUD's application process to assist homeless persons, by providing for greater coordination of local planning efforts designed to assist homeless persons. The change in the program's name, from Emergency Shelter Grants to Emergency Solutions Grants, reflects the change in the program's focus from addressing the needs of homeless people in emergency or transitional shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

As a result of the American Recovery and Reinvestment Act of 2009, the City of Durham amended its 2008-2009 Annual Action Plan to receive $789,101.00 of Homeless Prevention and Rapid Re-Housing (HPRP) from HUD. This temporary program, HPRP, provided financial assistance and services to prevent individuals and families from becoming homeless and to help those who are experiencing homelessness to be quickly re-housed and stabilized. The funds under this program were intended to target individuals and families who would be homeless but for this assistance. The funds provided a variety of assistance including: short-term or medium-term rental assistance and housing relocation and stabilizations services, including such activities as mediation, credit counseling, security or utility deposits, utility payments, moving cost assistance and case management. The new regulation for the ESG program, which is a permanent program, is patterned after the HPRP. Therefore, HPRP activities can continue and ensure continuity between HPRP and ESG.

Issues/Analysis
Attachment A is a proposed amendment to the 2011-2012 AAP for the ESG Program, which includes a preliminary budget for the second allocation of $47,969.00 the City expects to receive. In accordance with HUD regulations, the City will consult with the CoC as it relates to the planning process and allocating the new ESG funds. In order for the City to receive the subject funds, a substantial amendment must be prepared, a 30-day public comment period held, a public hearing held, and approval by City Council prior to submission to HUD.

Alternatives
Failure to submit a substantial amendment to the 2011-2012 AAP will make the City ineligible to receive the second allocation of $47,969.00 in ESG funds. Council may approve the amendment as presented or with modifications.

Financial Impact
With HUD's approval of the substantial amendment, the City will be eligible to receive a second allocation of $47,969.00 in ESG funds. All recipients must match the second allocation with an equal amount of other federal, state and local resources (cash and non-cash). The match requirement will be met by the organizations that will be awarded these funds through a competitive process.

SDBE Summary
Not applicable to this item.

Attachment