ATTACHMENT C

Reduction in 2020 Entitlement Amounts for CDBG and HOME

Issue: The U.S. Department of Housing and Urban Development (HUD) notified King County that they reduced the County's 2020 entitlement amounts by $866 in CDBG county-wide funds and $952 in HOME funds.

Background: HUD notified King County in April of the 2020 entitlement amounts for CDBG and HOME. However, in November HUD notified us that a field office in California had miscalculated an entitlement which affected jurisdictions throughout the country, including King County.

The typical process, as identified in the Interlocal Consortium Agreement (ICA), is to take the CDBG entitlement amount and "run it through" the waterfall to determine set aside amounts including administration, human services, housing repair, etc. This includes funding for the Joint Agreement Cities (JACs).

If allocated through the waterfall, the reduced CDBG entitlement would have little effect on set aside funding and would require substantial staff and partner effort. For example, in a modified (reduced by $866) waterfall, human services would be reduced by $130. There are approximately 10 contracts that staff would have to amend by the end of December to reduce funding. Additionally, three of the human services contracts have already spent all their funding.

HUD has not notified us whether the $866 county-wide reduction includes some small decreases for the JACs. If there were small decreases to the JACs, we would be required to amend all five contracts to adjust accordingly.

There are unallocated CDBG and HOME funds available that could cover these minor entitlement reductions. King County will submit an amendment to the 2020 Annual Action Plan to reflect reduced funding. In order to expedite the amendment process, staff recommends that the County use unallocated funds to absorb CDBG reductions on behalf of the Consortium and JACs and not run the reduction through the waterfall, and recommends that the County absorb HOME reductions with available unallocated funds.

Action Requested: Review, discuss and approve staff recommendation that the County use unallocated CDBG and HOME dollars to cover the entitlement reductions, and not process the CDGB reduction through the waterfall.

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