Commonwealth of Massachusetts

Department of Housing &

Community Development

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**Justification for Emergency Contracts funded by the CARES Act CDBG CV Grant, including business assistance, public social services, CARES Act Tenant Based Rental Assistance Grant, and the HUD Moving to Work (MTW) program in response to COVID-19**

On April 9, 2020, The Department of Housing and Community Development (DHCD) received notice that the U.S. Department of Housing and Urban Development (HUD) is allocating $20,362,759 to DHCD in special Community Development Block Grant COVID-19 (CDBG-CV) funding, as authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136. CDBG-CV funds are to be used to prevent, prepare for, and respond to the coronavirus pandemic (COVID-19) within Massachusetts. DHCD will also receive a CARES Act allocation from HUD for its Tenant Based Rental Assistance (TBRA) program, to be used for the same purpose. DHCD will provide additional funds for the same purpose, in accordance with its Moving To Work Program Annual Plan for Fiscal Year 2020, as amended April 9, 2020. Finally, DHCD may use Housing Preservation and Stabilization Trust Fund (HPSTF) and MassHousing funds for the same purpose as deemed necessary.

DHCD is proposing to make up to $10,000,000 of the CDBG-CV funding available in the form of short-term housing assistance for households with incomes between 50% - 80% of area median income (AMI) in non-entitlement communities who are facing housing instability. This funding will allow DHCD to supplement its existing Residential Assistance for Families in Transition (RAFT) program, authorized under line item 7004-9316 of the state budget. The CDBG-CV funds will be used first to support low-income households who do not qualify for RAFT (which by statute is limited to households with incomes below 50% of AMI) in non-entitlement communities. As RAFT funds become depleted, remaining CDBG-CV funds will then become available to also support households with incomes below 50% of AMI.

DHCD is also proposing to make available up to $10,000,000 in combined CARES Act TBRA administrative funds and MTW Reserves. These funds will supplement RAFT by supporting households below 80% AMI, in both CDBG Entitlement and non-Entitlement communities. This program will be administered substantially in accordance with DHCD’s COVID-19 RAFT Response Program Guidance, with such changes as may be necessary to serve the proposed target population. These funds – like CDBG-CV - will be used first to support households with income between 50%-80% of AMI, and as RAFT funds are depleted to support households below 50% of AMI.

Additionally, DHCD anticipates the use of funds available from its HPSTF account and from MassHousing to further supplement as necessary this emergency effort.

To facilitate the immediate distribution of these funds, and to assure that assistance is made available as quickly as possible to households who are experiencing financial hardship due to the COVID-19 state of emergency, in lieu of a competitive award process, DHCD plans to distribute funds to the RAFT Administering Agencies (RAAs) that administer the RAFT program. Funds will be distributed to the RAAs under a formula to be established by DHCD based on the existing RAFT allocation, reflecting current program demand and anticipated usage, taking into account as necessary the low-income population in each region, as well as other risk factors such as unemployment, layoffs, rates of COVID-19 infection, and other indicators of need.

DHCD believes that the emergency contracts exception to the competitive procurement requirements is applicable, because entering into emergency contracts with RAAs is necessary to avoid substantial harm to the health, welfare, and safety of persons experiencing housing instability who may be at-risk of homelessness during the Coronavirus outbreak. Congress has taken special care to eliminate any potential barriers to distributing CARES Act funding as quickly as possible, and HUD is encouraging recipients to be as flexible as possible when implementing local competition metrics understanding that the number one priority right now is responding to COVID-19.

This method of procurement anticipates HUD’s approval of the DHCD waiver request to allow for CDBG-CV direct contracting with entities other than non-entitlement municipalities. Should HUD deny the waiver request DHCD will contract directly with non-entitlement municipalities, which will then serve as fiscal administrators for DHCD to contract directly with the RAAs.

DHCD will also make available up to $9.65M for allocation on a competitive basis to municipalities to deliver public social services and microenterprise assistance to address conditions related to impacts of the COVID-19 pandemic. DHCD will seek responses from non-entitlement cities and towns. Funds will be distributed to the non-entitlements competitively, based on submissions received taking into account a) community need, with consideration for both public health impacts due to COVID-19 and economic development needs prior to and as a result of COVID-19, b) scale and impact, c) budget/value, and d) capacity to deliver.

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