



CITY OF HOUSTON

Office of the Mayor

Interoffice

Correspondence

To: Mayor Sylvester Turner

From: Bill Kelly
Office of Government Relations

Date: April 8th, 2020

Re: Coronavirus Funding for Houston
Summary

The following is a summary of Congressional action regarding the coronavirus supplemental pieces of legislation and how that funding will impact Houston.

Phase I Funding - CDC

The Coronavirus Preparedness and Response Supplemental Appropriations Act took the first step, passing a bipartisan emergency response funding package of \$8.3 billion of entirely new funds:

- Commits more than \$3 billion to the development of treatments and a vaccine available to all and protects against price-gouging of medicines developed with taxpayer dollars.
- Provides \$2.2 billion in prevention, preparedness and response measures, including nearly a billion dollars to help state, local, tribal and territorial health systems.
- Helps families by extending telemedicine services, regardless of where they live and supports small businesses, with billions in low-interest SBA loans to those affected.

The \$8.3 billion bill funds government-wide resources for grants or cooperative agreements to states, localities, territories, and tribes to accelerate planning and operational readiness for COVID-19 preparedness and response, develops tools and strategies, provides technical assistance & program support, as well as ensures ongoing communication and coordination among public health agencies & partners throughout the response.

On March 11th, CDC said Texas received the following amount of funding:

- Texas Department of State Health Services to receive \$36,976,922.50*
 - \$35,226,922.50 splits between DSHS & Local Health Departments (LHDs)
 - Portion retained by DSHS \$17.6m (48%)
 - Local Distribution \$19.4m (52%) to 43 LHDs

- **The State of Texas will NOT be giving a cut of this funding to the City of Houston**

- Houston will separately receive a grant award for **\$5,000,000** from CDC which has already gone to Council (accepted the funding for this reimbursement grant.)

*This includes \$1.75 million for Dallas County, Tarrant County, and the San Antonio Metro Health District where operations have been impacted by federal activities.

Phase II – The Families First Coronavirus Response Act

Congress moved quickly to follow up by passing the Families First Coronavirus Response Act, which:

- For families' health security: this legislation ensures free coronavirus testing for everyone who needs a test, including the uninsured. The legislation also increases funding for Medicaid to support local, state, tribal and territorial health systems, so that they have the resources needed to combat this public health emergency.
- For families' economic security: the bill provides two weeks of paid sick leave and up to three months of family and medical leave for eligible workers and enhances Unemployment Insurance. It also supports small businesses by fully reimbursing them for providing leave.
- For families' food security: the legislation strengthens nutrition initiatives including SNAP, student meals, seniors' meals and food banks.

Phase III - CARES Act Funding

Congress next passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, \$2.2 trillion bipartisan piece of legislation. There are several funding streams for the legislation, two of which offer direct funding to Houston.

HUD Funding

Below are key grant programs funded by the Department of Housing and Urban Development as part of the CARES Act for CDBG and ESG allocations remain available until September 30, 2022, HOPWA until September 30, 2021.

*Community Development Block Grant (CDBG) - \$5 billion total - **\$14.5 million to City of Houston***

- Up to \$2 billion according to FY20 formula for CDBG grants, allocated 30 days after enacted.
- \$1 billion just to states to combat virus, for use in entitlement and non-entitlement areas, per transmission rates and disruption, as determined by Secretary, allocated 45 days after enacted.

- Remainder distributed according to Secretary prioritizing transmission risks/disruptions between states and local governments, allocations made on rolling basis.
- Provisions:
 - Can be reimbursed for allowable coronavirus costs regardless of date
 - No limit on the use of public service activities to prevent, prepare for and respond to coronavirus
 - Virtual public hearings allowed as long as “authorities recommend social distancing” for this allocation and those under Consolidated Appropriations Act, 2019
 - Grantees must provide a comment period of no less than 5 days

*Emergency Solutions Grant (ESG) - \$4 billion – **\$7.25 million to City of Houston***

- Up to \$2 billion according to FY20 formula for ESG grants, allocations made 30 days after enacted.
- Remainder distributed according to formula created by Secretary, amongst states and local governments; allocations to be made within 90 days of enactment.
- Provisions
 - Can be reimbursed for allowable coronavirus costs regardless of date
 - Up to 10 percent for admin costs
 - No spending cap on emergency shelter activities
 - Can be used to provide temporary emergency shelters through leasing of existing property, temporary structures, or other means to prevent, prepare for, and respond to coronavirus
 - Federal habitability and environmental review standards and requirements shall not apply for these temporary shelters that have been determined by State or local health officials to be necessary to prevent, prepare for, and respond to coronavirus
 - May be used for training on infectious disease prevention and mitigation and to provide hazard pay, including for time worked prior to the date of this Act, for staff working directly to prevent coronavirus among persons who are homeless or at risk of homelessness and such activities shall not be considered admin costs
 - Funds cannot be used to require people experiencing homelessness to receive treatment or perform any other prerequisite activities as a condition for receiving shelter, housing, or other services
 - Not subject to the consultation, citizen participation, or match requirements that otherwise apply to ESG, but requires publish of how funds are used

*Housing Opportunities for Persons with HIV/AIDS (HOPWA) - \$65 mill. – **\$1.3 million for City of Houston***

- Not less than \$50 million according to FY20 formula for HOPWA grants, allocations made 30 days after enacted.
- Provisions
 - Grantees may use up to 6 percent for admin costs and up to 10 percent for project sponsors
 - Permanent supportive housing is not required
 - Rent, mortgage and utility assistance may be provided up to 24 months

- May be used to self-isolate quarantine, or to provide other coronavirus infection control services as recommended by the CDC for individuals with HIV/AIDs and household members not living with AIDS
- May be used for relocation, including lodging at hotels, motels

Direct Local Government Funding

The GR Team worked up a more detailed look at how Section 5001 of the CARES act appropriates \$150 billion to state and local governments to reimburse them for costs of dealing with COVID-19. Restrictions in the bill for this funding require it:

1. To be a necessary expenditure incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
 2. Were not accounted for in the budget most recently approved as of the date of enactment of this section for the state or local government; and
 3. Were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.
- \$3 billion is reserved for Washington DC, Puerto Rico, and the USVI, Guam, and Northern Mariana Islands.
 - \$8 billion is for Tribal governments.

The remaining \$139 billion is apportioned by population to state, with a local share set aside for those that apply for it. Using the process outline in the legislation, it is estimated aid for Texas:

Population:	29.00 million
% of Total US 50 States:	8.9%
\$Total Relief Allocation (B):	\$11.23 billion

With a population of 2,343,365 as of July 2019, Houston represents 8.08% of the Texas population. That would translate to \$907 million, multiplied by 45% to give a final payment of **\$408.15 million.**

- Bill Kelly worked to confirm this number based on the NLC research as well as with Monty Wynn with TML.
 - NLC confirms the Texas number at \$11.23 billion, and using the same numbers referenced earlier, and has published this example for the City of Albuquerque <https://citiesspeak.org/2020/03/27/the-deal-is-done-how-much-can-cities-expect-from-coronavirus-federal-stimulus-3/>

Each state is allocated at least \$1.25 billion, 45 percent of which will be directed to cities over 500,000 in their state, based on a population formula. For example, New Mexico, with a relatively low state population of 2.1 million, is expected to receive the minimum amount of \$1.25 billion from the federal government, according to Federal Funds Information for States. How much of that \$1.25 billion will go to the city of Albuquerque depends on its population. With a population of about 560,000, Albuquerque makes up about 26 percent of the state's population. So Albuquerque's share of that \$1.25 billion would be about \$325 million. However, Albuquerque won't receive that entire amount

because of the guidelines established by the CARES Act. It will receive only 45 percent of that amount, or \$149 million.

As far as timing, the White House conference call from the April 1st White confirmed the timing as listed in the bill as “in no more than 30 days”:

“States, territories, eligible units of local government, and Tribal governments will receive funds from the Coronavirus Relief Fund. Treasury expects that the \$150 billion provided to the Fund will be distributed no later than April 24.”

On Tuesday, April 7th, Congressman Kevin Brady announced that Secretary Steven Mnuchin would be delivering rules for the funding on Monday, April 13th.

*Relevant Section of CARES Act page 605