



STAFF REPORT

TO: MAYOR AND COUNCIL MEMBERS **DATE: 11/10/2020**
FROM: COMMUNITY DEVELOPMENT **DISTRICTS: CITYWIDE**
SUBJECT: PUBLIC HEARING TO CONSIDER A SECOND SUBSTANTIAL AMENDMENT TO THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) 2019-2020 ANNUAL ACTION PLAN

RECOMMENDATION

That the City:

Conduct Public Hearing, accept evidence and testimony presented, close the hearing and in the absence of evidence and testimony to the contrary: 1) Approve the Second Substantial Amendment to the 2019-2020 CDBG Annual Action Plan to amend previously declared CDBG-CV activity and add additional funds and eligible activities pursuant to CDBG Coronavirus (CDBG-CV) funds for the purposes of Coronavirus prevention, preparation, and response; and 2) Authorize the Administrative Services Director to make the necessary budget adjustments to revenues and appropriations for the CARES Act in the amount of \$446,187.

EXECUTIVE SUMMARY

The Community Development Block Grant (CDBG) entitlement program administered through the U.S. Department of Housing and Urban Development (HUD) allocates annual grants to larger cities and counties to develop viable communities by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons. In addition to the annual entitlement allocation, on March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which provides \$2 Trillion in emergency funds to support individuals and businesses affected by the Coronavirus (COVID-19) pandemic and economic downturn. Under the CARES Act, \$5 billion was set aside in CDBG Coronavirus (CDBG-CV) funding to prevent, prepare and respond to COVID-19. Of this amount, Glendora was allocated \$179,204 in the first round and \$266,983 in the third round of CDBG-CV funding for a combined total of \$446,187. (The second round of CDBG-CV funding was provided directly to the State Department of Housing and Community Development to be distributed to jurisdictions with a large homeless population. The City of Glendora was not eligible to receive CDBG-CV2 from the State.)

On May 26, 2020 City Council approved the first amendment to the 2019-2020 Annual Action Plan which added the first round of CDBG-CV funding for use towards a Business Recovery Program and administration.

On September 22, 2020 Council directed staff to reduce the initial amount of funding allocated to Business Recovery and related administration and redirect the reduced amount as well as the additional third round of funding to the development and administration of an emergency rental assistance program.

Use of the funds will require a second Substantial Amendment to the 2019-2020 Annual Action Plan in order to amend the allocations and activity for the first round of funding and include the third round of CDBG-CV funds and planned eligible activity.

To ease the process and expedite use of the CDBG-CV funds, HUD will permit this staff report to serve as the proposed Second Substantial Amendment.

LEGISLATIVE HISTORY / PREVIOUS ACTIONS

The CDBG Program is authorized under Title I of the Housing and Community Development Act of 1974. The CDBG-CV funds are authorized under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) signed into law on March 27, 2020 by the President of the United State to address negative economic impacts associated with the COVID-19 pandemic.

Glendora is eligible to receive \$179,204 and \$266,983 through the first and third rounds, respectively, of CDBG-CV funding.

Notice of Program Rules, Waivers, and Alternative Requirements (Federal Docket FR-6218-N-01), under the CARES Act for CDBG-CV issued by HUD was published on August 20, 2020, applicable as of August 7, 2020 and included a number of applicable waivers of which the City has declared its intent to utilize including but not limited to the following:

- *III.B.4.(a)(i) Citizenship Participation, Public Notice and Comment Period* – authorizes the CDBG-CV grantee to utilize expedited procedures to prepare, propose, modify or amend its consolidated plan; including permitting virtual hearings and a reduced comment period of 5 days.
- *III.B.5.(f)(i) Extension of Emergency Payments* allows for emergency rental assistance to be extended from three to six consecutive months.
- *IV.B.2.(d) Other Consolidated Planning Waivers* - waives the requirement for consistency with the five year consolidated plan when funds are used to prevent, prepare and respond to the coronavirus” because grantees may not have considered the needs associated with this special purpose funding when developing the current five year consolidated plan and needs assessment.
- *IV.B.3.(a) Calculation of the Public Services Cap* – typically funding used for public services has a capped limitation, however this waiver removes the public service cap to all activities used to prevent, prepare for, and respond to coronavirus for CDBG-CV grants.

DISCUSSION

This staff report constitutes the City of Glendora’s Second Substantial Amendment to the 2019-2020 Annual Action Plan covering the period of July 2019 through June 2020.

The five-day public review and comment period for the Substantial Amendment (Amendment) began on November 3, 2020 and concluded on November 9, 2020.

2019-2020 CDBG ANNUAL ACTION PLAN

The CDBG-CV funds allocated under the CARES Act may be used for a range of eligible activities that prevent, prepare and respond to COVID-19. Activities must meet one of the three National Objectives as required by CDBG Regulations: 1) Benefit to low- moderate- income (LMI) persons; 2) Address slum and blight; and/or 3) Meet an urgent need.

This amendment proposes to amend the activity planned with the first round of CDBG-CV funding in the amount of \$179,204 and to add the third round of CDBG-CV funding in the amount of \$266,983 with planned eligible activities to the 2019-2020 CDBG Annual Action Plan as follows:

Description	1 st Round (5/26/20)	3 rd Round Amended Amounts
Business Assistance	\$143,364	\$44,862 (reduced)
Emergency Rental Assistance	--	\$312,088 (added)
Activity Subtotal		\$356,950
Business Assistance Administration	\$35,840	\$8,972 (reduced)
Emergency Rental Assistance Administration	--	\$80,265 (added)
Administration Subtotal		\$89,237 (20%)
CDBG-CV Total:	\$179,204	\$446,187 (new combined total)

- Business Assistance:** Financial assistance to businesses experiencing financial hardship directly attributed to COVID-19 in order to retain a job held by a low- moderate- income (LMI) person or provide benefit to an LMI person by way of limited clientele in the case of a microenterprise. The amount of funding for this activity is being reduced from \$143,364 to \$44,862. Many businesses were assisted through alternative programs such as the Economic Injury Disaster Loan (EIDL) or the Payment Protection Program (PPP) issued through the Small Business Administration (SBA) and thus did not qualify. To date, one business has been assisted in the amount of \$14,862. Assistance to Businesses is an activity included within the Five Year (2018 – 2023) Consolidated Plan as a priority objective under Economic and Human Development. Reducing the amount to \$44,862 will provide an opportunity to assist two additional businesses and meet the 5-Year Plan’s goal of assisting five businesses. **Amount: \$44,862**
- Emergency Rental Assistance:** Financial assistance will be made available for a COVID-19 Emergency Rental Assistance Program (ERA). Eligible households will be required to be at or below low-income limits and show documentation that they have been negatively impacted financially by COVID-19. Rental assistance will be granted up to \$1,000 per month, up to six months. This public service activity and the extended period of six months is permitted under Federal Docket FR-6218-N-01, HUD’s Notice of Program Rules, Waivers and Alternative Requirements Under the CARES Act for CDBG-CV funds. Guidelines for the ERA Program, which includes income limits, and a documentation checklist are included in the attachments. It is estimated that approximately 52 households will be assisted, helping individuals and families cover the basic necessity of shelter during these financially trying times. Participants will be selected based on a first fully approved status until funds are exhausted. **Amount: \$312,088**

- **Administration:** Administration of the Business Assistance Program. **Amount: \$8,972**
- **Administration:** Administration of the Emergency Rental Assistance Program. **Amount: \$89,237**

Upon adopting the terms of the Second Substantial Amendment to the 2019-2020 CDBG Annual Action Plan as set forth above, the Amendment will be forwarded to HUD. Given the time-sensitive nature and the intent to utilize these funds in a time efficient manner, HUD is permitting this staff report to serve as the Amendment.

FISCAL IMPACT

Under the CARES Act, the FY 2019-2020 CDBG-CV activity will receive an additional \$266,983 to the existing \$179,204 to carry out the proposed activities without impact to the General Funds. With approval from City Council, the Administrative Services Director will make the necessary budget adjustments to revenues and appropriations for the CARES Act in the combined amount of \$446,187 for FY 2020.

ENVIRONMENTAL DETERMINATION

There is no CEQA impacts associated with the recommendations in this report.



Respectfully submitted,
Valerie Velasquez
 Community Development

Concurs with,
Not Applicable
 Not Applicable

Director <i>Not Applicable</i>	Certified as to Available Funds <i>June Overholt</i>	CEQA <i>Not Applicable</i>
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Legal Review <i>Not Applicable</i>	City Manager <i>Adam Raymond</i>
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ATTACHMENTS:

- HUD Notice of Program Rules, Waivers and Alt. Requirements
- ERA Handout Draft
- ERA Guidelines Draft
- ERA Application Draft
- ERA Landlord Participation Draft