Legislation Details (With Text)

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| **Title:** | PUBLIC HEARING TO CONSIDER A SUBSTANTIAL AMENDMENT TO THE 2015-2020 FIVE-YEAR CONSOLIDATED PLAN AND 2019-2020 ANNUAL ACTION PLAN TO RECEIVE SUPPLEMENTAL COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS UNDER THE CARES ACT (CITY COUNCIL) | | | | |
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| **Attachments:** | 1. Proposed CDBG Substantial Amendment | | | | |

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# Report to Mayor and City Council

Tuesday, June 23, 2020

Special Orders of the Day

**SUBJECT:**

**PUBLIC HEARING TO CONSIDER A SUBSTANTIAL AMENDMENT TO THE 2015-2020 FIVE-YEAR CONSOLIDATED PLAN AND 2019-2020 ANNUAL ACTION PLAN TO RECEIVE SUPPLEMENTAL COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS UNDER THE CARES ACT (CITY COUNCIL)**

## I. SUMMARY

The City of Carson proposes to amend the 2015-2020 Five-Year Consolidated Plan and 2019-2020 Annual Action Plan to allocate newly-awarded Community Development Block Grant (CDBG) funds pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted by the United States Congress on March 25, 2020 and signed by the President on March 27, 2020. The U.S. Department of Housing and Urban Development (HUD) has notified the City that it will receive $472,890 in a supplemental appropriation of CDBG funds, referred to as CDBG-CV, under the CARES Act. HUD has not issued the guidelines for this program; therefore, the City is moving forward at some risk. However, staff has been communicating with HUD staff and believes the proposed allocations and expenditure plan will meet the program objectives. Staff believes there is urgency in making funds available to businesses and residents of Carson who have suffered from the consequences of the COVID-19 Pandemic and moving ahead is justified.



Exhibit No. 2

However, as with other CDBG funds, if HUD determines an expenditure ineligible, the City's General Fund would have to repay the expenditure.

HUD regulations, as well as the City's Citizen Participation Plan, require that a public hearing be held by the City Council regarding the proposed Substantial Amendment prior to its submission to HUD.

## II. RECOMMENDATION

TAKE the following actions:

1. OPEN the Public Hearing, TAKE public testimony, and CLOSE the Public Hearing.

2. APPROVE the submission of a Substantial Amendment to the 2015-2020 Five-Year Consolidated Plan and 2019-2020 Annual Action Plan to the U. S. Department of Housing and Urban Development.

3. AUTHORIZE the following allocation of $472,890.00 in supplemental Community Development Block Grant (CDBG-CV) funds:

   A. $113,493.00 to a program to assist small Carson businesses that have suffered negative impacts from the COVID-19 pandemic;
   B. $264,819.00 to a program of emergency rental assistance to low- and moderate-income Carson residents facing imminent threat of eviction as a result of loss of income related to the COVID-19 pandemic, as well as to senior residents similarly in peril of eviction;
   C. $94,578.00 to cover eligible costs associated with the planning and administration of the business assistance and rental assistance programs.

## III. ALTERNATIVES

TAKE another action the City Council deems appropriate

## IV. BACKGROUND

The CARES Act authorized some $2.2 trillion in a first wave of stimulus measures to counter the nationwide effects of the COVID-19 pandemic. Included in that legislation was $2 billion for CDBG entitlement communities to enable them to prevent, prepare for, and respond to the effects of the pandemic. Carson's share of this supplemental CDBG funding is $472,890.

HUD recognized that the onset of the COVID-19 pandemic placed operational disruptions on local governments at a time most of them were in the midst of developing their 2020-2021 Annual Action Plans, a process further complicated by passage of the CARES Act. Thus, HUD provided for expedited review of CDBG-CV funding allocations if they were

submitted as Substantial Amendments to the existing 2019-2020 Annual Action Plans. Under the City of Carson's CDBG Citizen Participation Plan, a revision resulting in an increase or decrease of an activity allocation in excess of $300,000 requires the preparation and submission of a Substantial Amendment to an Annual Action Plan, and a new activity or activities not previously identified in a Five-Year Consolidated Plan requires a Substantial Amendment to that Consolidated Plan. Therefore, staff has prepared a Substantial Amendment to both the existing Annual Action Plan and Five-Year Consolidated Plan for City Council's consideration.

The expedited review that HUD has provided for the consideration of CDBG-CV Substantial Amendments includes a waiver of the normal requirement that proposed Substantial Amendments be subjected to a public review and comment period of not less than 30 days. Under this waiver, the required public review and comment period has been reduced to five days. Accordingly, the proposed Substantial Amendment was made available for public review and comment from June 9, 2020 through June 15, 2020.

**Proposed Allocations**

The proposed allocation of the $472,890.00 in CDBG-CV funding is as follows:

Business Assistance Program: The City proposes to allocate $113,493 to a program to assist small Carson businesses that have suffered negative impacts from the COVID-19 pandemic. This amount is based on guidance received from City's HUD representative. The maximum amount allowed for the Business Assistance Program is based on 30% of the total allocation after taking into account for the 20% allocation for administration. This allocation would provide additional funding to the City's small business assistance program that the City has approved with an allocation of $193,236 in CDBG funding included in the 2020-2021 Annual Action Plan. Therefore, the total grant amount available will be $306,729. This amount will become a supplement to the City's small business loan program, will be managed by the same consultant, and will generally have the same underwriting criteria including:

- Applicant demonstrates financial impact of COVID-19 pandemic;
- Not receiving any other form of financial assistance;
- Up to $10,000 grant;
- Applications processed on a priority scoring basis, with for Carson-based businesses based on: (i) number of years operated in Carson; (ii) if the owner of the business is also a Carson resident; and (iii) the number of Carson residents employed by the business;
- For-profit Carson businesses and non-profit organizations with 2-50 employees are eligible so long as they can demonstrate a 25% drop in revenue since January 1, 2020;
- Funds can be used to pay for utilities, rent, mortgage payments, operational costs (including salaries and benefits), accounts payable incurred prior to the

closure, or physical improvements resulting from COVID.

Emergency Rental Assistance: The City proposes to allocate $264,819 to a program of emergency rental assistance to low- and moderate-income Carson residents facing imminent threat of eviction as a result of loss of income related to the pandemic, as well as to senior residents similarly in peril of eviction. (Under HUD regulations, seniors are presumed to be of low and moderate income.) Assistance to eligible households would be provided for a maximum of three months, and the maximum monthly assistance would be $1,000, mirroring a similar program that Los Angeles County has established for residents of unincorporated areas.

- Up to $1,000 per month;
- Up to 3 months;
- For low to moderate income applicants or senior residents 62 years or above;
- Property must be located in City of Carson;
- Applicant financially impacted by COVID-19 pandemic;
- Not receiving any other form of financial assistance;
- Have a current residential lease agreement;

Planning and Administration: Per CDBG regulations, a maximum of 20% of allocated funds may be used for program planning and administration purposes. That 20% maximum totals $94,578.00.

## V. FISCAL IMPACT

There would be no General Fund impact; however, as stated in the summary section of the staff report, the City is moving forward without the benefit of HUD guidelines being released. However, City staff has been communicating with HUD staff and believes the proposed allocations and expenditure plan will meet the program objectives. While the risk is relatively low that our proposed allocations will fall outside HUD guidelines, if HUD determines an expenditure is ineligible, the City's General Fund would have to repay the expenditures, as is case with other CDBG funds. Staff believes there is urgency in making funds available to businesses and residents of Carson who have suffered from the consequences of the COVID-19 Pandemic and moving ahead is justified.

Within the CDBG 2019-2020 Annual Action Plan budget, an increase in both revenues and expenditures of $472,890.00. Within the Community Development Fund, the following CDBG-CV related accounts are being established:

Local Business Assistance: 215-70-720-964-6525: $113,493.00

Emergency Rental Assistance: 215-70-720-964-6562: $264,819.00

Planning and Administration: 215-70-720-100-5002: $94,578.00

## VI. EXHIBITS

1. Proposed CDBG Substantial Amendment to the 2015-2020 Five-Year Consolidated Plan and 2019-2020 Annual Action Plan (Draft for Public Review, June 9, 2020). (pgs. 5-9)

Prepared by: Keith Bennett, Community Development Department