



Legislation Details (With Text)

**File #:** 2021-297      **Version:** 1      **Name:**

**Type:** Special Order      **Status:** Agenda Ready

**File created:** 4/7/2021      **In control:** City Council

**On agenda:** 4/20/2021      **Final action:**

**Title:** PUBLIC HEARING TO CONSIDER SUBSTANTIAL AMENDMENTS TO THE 2019-2020 AND 2020-2021 ANNUAL ACTION PLANS (CITY COUNCIL)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Ex. No. 1 2021CARESSubAmdt (RevisedDraft), 2. Ex. No. 2 PY2020SubAmdt (RevisedDraft)

Date	Ver.	Action By	Action	Result
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**Report to Mayor and City Council**

Tuesday, April 20, 2021  
Special Orders of the Day

**SUBJECT:**

**PUBLIC HEARING TO CONSIDER SUBSTANTIAL AMENDMENTS TO THE 2019-2020 AND 2020-2021 ANNUAL ACTION PLANS (CITY COUNCIL)**

**I. SUMMARY**

The City of Carson proposes to amend the 2019-2020 Annual Action Plan to reallocate previously-awarded supplemental Community Development Block Grant (CDBG) funds, referred to as CDBG-CV, pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as to amend the 2020-2021 Annual Action Plan to reallocate previously-budgeted CDBG entitlement funds. Because the funds involved pertain to two different Annual Action Plans, two separate substantial amendments are being presented.

HUD regulations, as well as the City’s Citizen Participation Plan, require that public hearings be held by the City Council regarding proposed Substantial Amendments prior to their submission to HUD. In prior years, the Citywide Advisory Commission (CAC) held one or more public hearings prior to the formulation of substantial amendments. However, since the CAC has not been active during the pandemic and will officially be eliminated by May 6<sup>th</sup> due to City Council action, the City Council will be holding the public hearing to allow public input, which meets the HUD requirements.

**II. RECOMMENDATION**

**TAKE** the following actions:

1. **OPEN** the Public Hearing, **TAKE** public testimony, and **CLOSE** the Public Hearing.
2. **APPROVE** the submission of Substantial Amendments to the 2019-2020 Annual Action Plan and 2020-2021 Annual Action Plan to the U. S. Department of Housing and Urban Development.
3. **AUTHORIZE** the following reallocation of supplemental Community Development Block Grant (CDBG-CV) funds within the 2019-2020 Annual Action Plan:
  - A. From Emergency Rental Assistance to Small Business Assistance: \$70,000.
  - B. From Emergency Rental Assistance to Family Promise of the South Bay: \$30,000.
  - C. From Essentials to Go (Delivery of Meals and Household Items to Seniors) to Small Business Assistance: \$89,673.
4. **AUTHORIZE** the following reallocation of Community Development Block Grant entitlement funds within the 2020-2021 Annual Action Plan:
  - A. From Business Assistance to the Neighborhood Pride Program: \$193,236.
  - B. From Concrete Replacement Program and Foisia Park Improvements to Anderson Park improvements: \$220,000.

A.

### **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate. **IV. BACKGROUND**

Each year, the City receives from HUD an entitlement amount of CDBG funding based on the City's overall population, its proportion of low- and moderate-income residents, and other demographic factors. This entitlement amount forms the basis of the City's Annual Action Plan each year.

In response to the coronavirus pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March, 2020. The CARES Act provided the City with two supplemental appropriations of CDBG funds, referred to as CDBG-CV, totaling \$1,152,051. 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; thus, the City chose that process.

#### **CDBG Substantial Amendment**

The City's approved 2020-2021 Annual Action Plan allocated the following amounts to:

- Small Business Assistance Program: \$193,236;

- Neighborhood Pride Program (NPP, Residential Rehab): \$88,180;
- Foisia Park Improvements: \$110,000; and
- Concrete Replacement Program (sidewalk improvements): \$110,000.

Demand for NPP has far outstripped this limited funding and additional funds are recommended to support this critical program. Staff proposes to allocate additional funds for the NPP Program by eliminating the CDBG funds allocated to the Small Business Assistance Program. As you will see below under the CDBG-CV discussion, we are recommending increasing the Small Business Assistance Program funds in the CDBG-CV program by \$159,673.

The reallocation in the CDBG Program would increase the NPP allocation from \$88,180 to \$281,416, which should be adequate to meet the demand for this fiscal year.

The City originally allocated \$284,606 from CDBG-CV funds to small business assistance. With an additional proposed reallocation of \$159,673 from CDBG-CV funds, discussed below, it would bring the total to \$444,279 for small business assistance. At this time, staff believes \$444,279 is adequate funding for the small business assistance program.

The 2020-2021 Annual Action Plan also had allocated \$110,000 for the Public Concrete Replacement Program (sidewalk improvements) and \$110,000 for improvements at Foisia Park for a total of \$220,000. Staff has identified a greater need for making ADA improvements to the walkways within Anderson Park. Therefore, staff is recommending using the entire \$220,000 for Anderson Park improvements. Staff does not currently have a cost estimate for Anderson Park improvements; however, it is certain that it will exceed \$220,000. When the total cost is identified, staff will be coming back to City Council to request additional funds from sources other than CDBG to complete the project.

The following provides a summary of staff's reallocation recommendations for CDBG:

- Small Business Assistance Program: from \$193,236 to \$0;
- Neighborhood Pride Program (Residential Rehab): from \$88,180 to \$281,416;
- Foisia Park Improvements: from \$110,000 to \$0;
- Concrete Replacement Program (Sidewalk improvements): from \$110,000 to \$0; and
- Anderson Park Improvements: from \$0 to \$220,000.

### **CDBG-CV Substantial Amendment**

The CDBG-CV funding in the 2019-2020 Annual Action Plan, as amended, allocated:

- Small Businesses Assistance Program: \$284,606;

- Emergency Rental Assistance: \$435,932;
- Essentials to Go 2.0 program (provides delivery of meals and essential household supplies to senior citizens): \$171,113; and
- Family Promise of the South Bay (for homelessness and homelessness prevention services): \$30,000.

The emergency rental assistance program has not met with the expected level of demand, particularly given the availability of similar assistance from Los Angeles County and the State of California. On the other hand, the small business assistance program needs additional funding to provide assistance to approximately 80 businesses that have applied for assistance. Since the proposed Substantial Amendment to the 2020-2021 Annual Action Plan discussed above, would reallocate \$189,236 from the small business assistance program to the NPP, staff is proposing to reallocate \$70,000 from emergency rental assistance to small business assistance and \$89,673 from Essentials to Go 2.0 to small business assistance, for a total of \$159,673.

In addition, staff is recommending reallocating \$30,000 from the emergency rental assistance to the Family Promise of the South Bay for homelessness and homelessness prevention services. This organization had requested \$40,000 funding from the 21-22 Annual Action Plan, an earlier item on today's agenda. Alternatively, the City Council could choose to direct this \$30,000 to the Essentials to GO 2.0 program. It should be noted that Essentials to GO 2.0 program has expended \$37,080 to date leaving an additional \$43,920 for this program with the proposed reallocations.

The following provides a summary of staff's reallocation recommendations for CDBG-CV:

- Small Business Assistance: from \$284,606 to \$444,279;
- Emergency Rental Assistance: from \$435,932 to \$335,932;
- Essentials to Go 2.0: from \$171,113 to \$81,440; and
- Family Promise of the South Bay from \$30,000 to \$60,000.

## **V. FISCAL IMPACT**

Within the CDBG 2019-2020 Annual Action Plan budget (CDBG-CV funding), allocation increases totaling \$189,673 would be offset by allocation decreases totaling \$189,673, thus; no net impact. Likewise, within the 2020-2021 Annual Action Plan budget, allocation increases totaling \$303,236 would be offset by allocation decreases totaling \$303,236, thus, no net impact.

### **CDBG:**

215-70-904-6026 (COVID-Related Business Assistance)      decrease \$193,236

213-70-720-964-6062 (Neighborhood Pride Single-Family & Mobilehomes)	increase \$193,236
215-70-720-964-8009 (Infrastructure/Roadways-Pavement)	decrease \$110,000
215-70-720-904-8008 (Public Facilities)	increase \$110,000
<u>CDBG-CV:</u>	
215-70-720-6504 (Planning and Administration)	increase \$30,000
215-70-720-6525 (Local Business Assistance)	increase \$159,673
215-70-720-6562 (Emergency Rental Assistance)	decrease \$100,000
215-70-720-6565 (Senior Services)	decrease \$89,673

There would be no General Fund impact.

## **VI. EXHIBITS**

1. A Third Proposed CDBG Substantial Amendment to the 2019-2020 Annual Action Plan (Draft for Public Review, March 18, 2021). (pgs. 6-10)
2. Proposed CDBG Substantial Amendment to the 2020-2021 Annual Action Plan (Draft for Public Review, March 18, 2021). (pgs. 11-15)

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