



Staff Reports

File #: 254-2020, **Version:** 1

To: Honorable Mayor and Members of City Council
From: Vincent Smith, Community Development Director
Prepared By: Stephanie Gaul, Assistant Housing Manager

TITLE:

Community Development Block Grant (CDBG) Program Annual Action Plan Amendment for CARES Funding

RECOMMENDED ACTION:

Adopt a resolution amending the Community Development Block Grant (CDBG) Fiscal Year 2019-2020 Annual Action Plan, approving associated budget adjustments and program certifications, and authorizing the City Manager to execute all documents required for the submittal of the amended Annual Action Plan to HUD.

DISCUSSION:

The CDBG Annual Action Plan for Fiscal Year 2019-2020 was approved by City Council on June 4, 2019. The Annual Action Plan identifies how the City's CDBG funding shall be allocated for the fiscal year and indicates how the intended projects meet the priorities identified in the City of Napa 2015-2020 Consolidated Plan.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law providing approximately \$2T for emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic. One of many funding allocations included in the CARES Act was funding to the U.S. Department of Housing and Urban Development (HUD) for various programs administered by HUD including the Community Development Block Grant (CDBG) Program.

On April 2, 2020, HUD awarded the City a total of \$347,340 in CDBG CARES (CDBG-CV) funding. The funding is required to be spent in accordance with CDBG regulations which includes serving low- and moderate-income individuals while targeting coronavirus response.

While the term of the 2019-2020 Annual Action Plan ended on June 30, 2020, HUD is allowing agencies to amend their 2019-2020 Annual Action Plan to allocate CDBG-CV funding within the Plan. Amending the 2019-2020 Annual Action Plan offers an expedited review by HUD because the plan was previously approved. Because there is a great need in the community, staff has elected to amend the 2019-2020 Annual Action Plan in order to deploy funds within the community sooner than if this funding was included in the City's 2020-2021 Annual Action Plan.

When funding was initially awarded, staff had internal conversations regarding the best use of the

funds. Under the CARES Act, HUD has waived the cap on public service funding, so staff reached out to Napa Valley Community Organizations Active in Disaster (COAD) in May inquiring if non-profits had unmet funding needs. At the time of the original inquiry, COAD informed staff that there was not a current need for funding as most non-profits had been funded by Napa Valley Community Foundation for immediate response to the pandemic. Staff explored several options for the CDBG-CV funding including emergency rental assistance and business support. Rental assistance under CDBG is allowable, however it is limited to three months in duration. Therefore, staff determined allocating HOME funds, which can be used for longer periods of time, for rental assistance was a more effective response to the community's need for rental assistance. Based on conversations with the Napa Downtown Association and Chamber of Commerce, staff determined there was an unmet need for business assistance and that a CDBG-funded business assistance program would help address an unmet need in the community.

As staff worked to build a business assistance program, needs within the community continued to evolve. In July, as the duration of the pandemic and stay at home orders were extended, staff again reached out to COAD and Napa Valley Community Foundation to determine if there was a change in need within the non-profit community. At this point, staff was informed that there was now a need for non-profit assistance as many non-profits had exhausted the previous grants awarded by Napa Valley Community Foundation while requests for food and emergency financial assistance were increasing.

As the Economic Development Division was in the process of creating a business assistance program, and there remains a continuing need in the community for business assistance, it was determined that \$150,000 of the CDBG-CV funding would be set aside for non-profits to provide assistance to the community in response to the pandemic. On July 15, 2020, the City issued a Request for Proposals (RFP) to non-profits responding to the pandemic. In response to the RFP, five non-profits requested a total of \$322,593 in funding. A thorough analysis determined that not all requested funds are eligible under CDBG regulations.

The proposed amended Annual Action Plan is being considered by the CDBG Citizens' Advisory Committee on August 13, 2020. Staff recommendations for CDBG -CV funding are as follows:

- Administration - \$11,996
- Business Microenterprise Program - \$185,344
- On The Move: Housing Emergency Financial Assistance - \$60,000
- Community Action Napa Valley (CANV): Meals on Wheels - \$30,000
- NEWS: Hotel Shelter Response - \$20,000
- ParentsCAN: Meal Delivery - \$6,448
- Salvation Army: Meal Program - \$33,552

The microenterprise program is intended to provide micro grants to small businesses that meet CDBG eligible income requirements. Formal guidelines for the microenterprise program will be considered at a future City Council meeting. Action taken to amend the Annual Action Plan will only commit the funding to the program. All other public service funding recommendations, if approved, will enter into funding agreements upon final approval of the amended Annual Action Plan by HUD.

FINANCIAL IMPACTS:

Approval of the City's amended Fiscal Year 2019-2020 Annual Action Plan and associated budget adjustments will commit \$347,340 in CDBG-CV funding to the activities described above. The proposed budget adjustment is included as Exhibit E.

CEQA:

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not in-and-of-itself a "project" (pursuant to CEQA Guidelines Section 15378) since it does not result in a physical change in the environment. The individual activities and projects contemplated under the Consolidated and Annual Plans and CDBG Budget are not subject to CEQA pursuant to CEQA Guidelines Sections 15060(c), as they will not result in a direct or reasonably foreseeable indirect physical effect on the environment.

DOCUMENTS ATTACHED:

ATCH 1 - Resolution adopting Amended Annual Plan and associated budget adjustments with Exhibits "A", "B", "C", "D" and "E"

EX A - Amended Annual Action Plan 2019-2020

EX B - Certifications

EX C - SF424

EX D - SF424D

EX E - Budget Adjustment No BE2108501

ATCH 2 - CDBG Funding Chart

ATCH 3 - City of Napa Annual Plan 2019-2020 Redline Version

NOTIFICATION:

Notice announcing the availability of the Draft Amended Annual Action Plan for public review was published in the Napa Valley Register on August 8, 2020. Notice was also placed on the City's website. Copies of the Amended Annual Action Plan were made available by contacting the Housing Division. Copies of this staff report were e-mailed to the CDBG Citizens' Advisory Committee and CDBG applicants.