



Staff Reports

File #: 21-2021, **Version:** 1

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

TITLE:

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

RECOMMENDED ACTION:

Adopt a resolution approving the Community Development Block Grant (CDBG) Program 2019-2020 Second Amended Annual Action Plan, approving a budget revenue and expenditure increase of \$740,756 as documented in Budget Adjustment No. BE2102502, approving program certifications, and authorizing the City Manager to execute all documents required for the submittal of the Second Amended Annual Action Plan to HUD.

DISCUSSION:

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.

As a recipient of CDBG funding, the City is required to adopt an Annual Action Plan which identifies how the City will allocate its annual CDBG allocation. The City originally approved its 2019-2020 Annual Action Plan in June 2019. However, due to the award of \$347,340 CDBG CARES (CDBG-CV) funding in April 2020, the City amended the 2019-2020 Annual Action Plan to include how this unanticipated funding would be allocated.

HUD recently awarded the City a second allocation of CDBG-CV funding in the amount of \$740,756. Even though the term of the 2019-2020 Annual Action Plan has ended, HUD is requiring the City to allocate this additional CDBG-CV funding in the same Annual Action Plan as it used for the initial CDBG-CV allocation. Therefore, although the Fiscal Year 2019-2020 ended on June 30, 2020, this agenda item would approve a second amendment to the Fiscal Year 2019-2020 Annual Action Plan.

CDBG-CV funding must be spent in accordance with CDBG regulations. This includes serving low- and moderate-income individuals. Eligible CDBG funding categories include administration and planning, public service, and community development. However, CDBG-CV funding has two important distinctions from regular CDBG funding. First, the funds must target coronavirus response

and second, the 15% public service cap is waived.

Housing staff consulted with local stakeholders, including the City's Economic Development Division, the Napa Valley Community Foundation, Children's Resource Center, and Community Organizations Active in Disaster (COAD) to identify critical unmet needs in the community. Based on these conversations, staff identified a number of needs including rental assistance, childcare, and small business assistance. After this initial consultation, staff issued a request for proposals and received seven applications from local non-profit agencies.

Based on the identified needs, on January 11, 2021, staff presented funding recommendations (summarized in Exhibit 2) to the CDBG Citizens' Advisory Committee. After hearing presentations by the applicants, the CDBG Citizens' Advisory Committee voted to support staff's recommendations and the proposed Second Amended Annual Action Plan.

The recommendations for the second allocation of CDBG -CV funding are as follows:

- Administration - \$30,000
- Business Microenterprise Program - \$150,000
- Emergency Rental Assistance - \$270,506
- Community Action Napa Valley (CANV): Meals on Wheels - \$30,000
- Community Action Napa Valley (CANV): Food Bank Senior Brown Bag Program \$30,000
- NEWS: Hotel Shelter Response - \$25,000
- ParentsCAN: Meal Delivery - \$5,250
- Fair Housing Napa Valley - \$50,000
- Boys and Girls Club - \$50,000
- Children's Resource Center: Childcare Scholarships Program \$100,000

Under current HUD waivers, CDBG funding can be used to provide up to six months of emergency rental assistance, including covering back rent, for households who have been financially impacted by the pandemic. Because rental assistance has consistently been identified as an important community need, even though the City did not receive any applications from rental assistance program providers in the current application round, staff recommends allocating \$270,506 of CDBG-CV funding for emergency rental assistance. The City has been in discussions with two local non-profits interested in partnering with the City on emergency rental assistance programs.

The City recently launched a CDBG Business Microenterprise Grant Program. This program, which was funded with approximately \$185,000 in CDBG-CV funds, provides micro grants to small businesses that meet CDBG eligible income requirements. Given the significant impact of the prolonged shelter-in-place requirements on small businesses, staff recommends providing an additional \$150,000 in CDBG-CV funding to the program. This would significantly expand the number of businesses the program can assist.

As childcare was identified as a critical need during the pandemic, the City reached out to Children's Resource Center and Boys and Girls Club to notify them of the funding opportunity. Both organizations submitted applications. Children's Resource Center would utilize CDBG-CV funding to provide childcare scholarships to low-income essential workers. This would provide a double benefit of helping these workers to be able to work, but it also provides revenue to small childcare operators

that have seen increased costs, loss of income, and other financial hardships from the pandemic. Funding to Boys and Girls Club would be leveraged with other private sources to expand distance learning and childcare to a new site which would be located at the local Presbyterian church.

CDBG-CV funding would also be allocated to help support local emergency food programs, including ParentsCAN food delivery program, CANV's Food Bank's Senior Brown Bag Program, and CANV's Meals on Wheels Program. NEWS would receive CDBG-CV funds to continue its motel shelter program and Fair Housing Napa Valley, which has seen an increase of over 100 clients since the pandemic began, would receive funding to hire an additional Fair Housing Specialist.

All public service funding recommendations, if approved, will enter into funding agreements upon final approval of the Second Amended Annual Action Plan by HUD.

Due to HUD COVID-19 waivers, the normally required 30-day public comment period was shortened in order to reduce the delay in the City being able to disburse CDBG-CV funding. Public notice was published on January 6, 2021 notifying the public of the opportunity to provide public comment on the Second Amended Annual Action Plan.

FINANCIAL IMPACTS:

Approval of the City's Fiscal Year 2019-2020 Second Amended Annual Action Plan and associated budget adjustments will commit \$740,756 in CDBG-CV funding to the activities described above. The proposed budget adjustment is included as Exhibit E and increases both the revenue and expenditure budgets in the CDBG fund by \$740,756.

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 Second Amended Annual Plan and associated budget adjustments with Exhibits "A", "B", "C", "D" and "E"

EX A - Second Amended Annual Action Plan 2019-2020

EX B - Certifications

EX C - SF424

EX D - SF424D

EX E - Budget Adjustment No BE2102502

ATCH 2 - CDBG Funding Chart

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

NOTIFICATION:

Notice announcing the availability of the Draft Second Amended Annual Action Plan for public review was published in the Napa Valley Register on January 6, 2021. Notice was also placed on the City's website. Copies of the Second 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.