



Staff Report

File #: 22-0217

REQUEST FOR CITY COUNCIL ACTION

DATE: 03/16/2022

TO: Honorable Mayor and City Council Members

FROM: Community Services Department

SUBJECT:

Public Hearing for an Amendment to the 2015-2019 Consolidated Plan and the 2019-2020 Action Plan to reallocate funds between approved Community Development Block Grant COVID-19 projects.

EXECUTIVE SUMMARY:

The goal of the Community Development Block Grant COVID-19 projects and programs is to provide financial assistance to Corona residents and businesses who experienced negative financial impacts due to the pandemic. This report provides an update on the status of the programs, their efficacy, and staff recommendations on the reallocation of funds between these programs.

**RECOMMENDED ACTION:
That the City Council**

- a. Conduct a public hearing to receive comments concerning Amendment No. 3 to the 2015-2019 Consolidated Plan and the 2019-2020 Action Plan.
- b. Approve Amendment No. 3 to the 2015-2019 Consolidated Plan and 2019-2020 Action Plan reallocating funds between approved Community Development Block Grant COVID-19 projects.
- c. Authorize the Finance Director to prepare and process all necessary budgetary transactions to effectuate the changes included in Amendment No. 3 to the 2015-2019 Consolidated Plan and the 2019-20 Action Plan.
- d. Authorize the City Manager, or his designee, to negotiate, execute, and amend contracts with sub-recipients, developers, or professional service providers as necessary to implement the Community Development Block Grant COVID-19 projects identified in Amendment No. 3 to the 2019-20 Action Plan.

- e. Authorize the City Manager, or his designee, to execute, amend, and submit to the United States Department of Housing and Urban Development all plans and documents necessary to administer the Community Development Block Grant COVID-19 projects.

BACKGROUND & HISTORY:

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020, authorizing \$2.2 trillion in a variety of stimulus measures to prevent, prepare for, and respond to the COVID-19 pandemic. The law included \$5 billion for Community Development Block Grant (CDBG) entitlement communities. The City of Corona (City) receives regular formula-based entitlement grants of CDBG funds through the United States Department of Housing and Urban Development (HUD) each year. Accordingly, the City received a special allocation of CDBG funds under the CARES Act. These funds are commonly referred to as Community Development Block Grant COVID-19 funds (CDBG-CV).

HUD announced the City's first award of \$734,885 of CDBG-CV funds on April 2, 2020, and the City Council allocated those funds to eligible CDBG-CV activities on June 3, 2020, with the adoption of Amendment No. 1 to the 2015-2019 Consolidated Plan and 2019-2020 Action Plan. Amendment No. 1 allocated funds for the Emergency Housing Needs Assistance program to assist renters at risk of losing their housing. Amendment No. 1 also included activities to cover program planning, administration, and monitoring, as well as activities to prevent, prepare for, or respond to COVID-19 as the City reopened public facilities.

On September 11, 2020, HUD announced the City would receive an additional \$935,657 of CDBG-CV funds. On November 18, 2020, the City Council approved Amendment No. 2 to the 2015-2019 Consolidated Plan and 2019-2020 Action Plan to specify the eligible CDBG-CV activities to be undertaken to prevent, prepare for, or respond to COVID-19 using the second allocation of funds. Staff and the CDBG Ad-Hoc Committee, which included Council Member Jacque Casillas and former Council Member Jason Scott, identified emergency short-term rent and mortgage and utility assistance, emergency pandemic-related City expenses, and grants for businesses to purchase personal protective equipment as eligible activities under the CDBG-CV program. A description of these activities is provided below. Additionally, the City Council authorized the reallocation of funds between these activities, if needed, to meet community needs and HUD's expenditure deadlines.

Project/Program Overview

The Emergency Housing Needs Assistance Program for Renters (EHNAP-Renter) was allocated a total of \$585,877. The program launched in June 2020 and within nine months, all funds were spent. This program is currently closed. Under this program eligible recipients received up to \$12,000 for a period of six months to pay rent and utilities. A total of 77 households were assisted. Of note, the County of Riverside in partnership with United Way and other partners are also providing rental assistance countywide under the United Lift program. To date, they have assisted 947 Corona household for a total assistance of over \$13 million.

The Emergency Housing Needs Assistance Program for Mortgage (EHNAP-Mortgage) payment assistance was allocated \$350,000. The program launched in January 2021 and remains open. Under this program, eligible recipients receive up to \$12,000 for a period of six months to pay mortgage

and utilities expenses. A total of 15 households have been assisted.

The Personal Protective Equipment Grants for Businesses (PPE Business) program was allocated \$224,557. The program launched January 2021 and remains open. Under this program, eligible recipients receive up to \$5,000 a year to pay for personal protective equipment. A total of eight businesses have been assisted.

The Corona Emergency Related Activities project was allocated \$176,000. These funds were set aside for the City to recoup expenses incurred for activities to prevent, prepare for, or respond to COVID-19 as the City reopened public facilities.

In March 2021, the American Rescue Plan Act (ARPA) was signed into law to provide additional relief for the COVID-19 pandemic. The City received a \$29.2 million allocation of ARPA funds, which can be used to recoup expenses and lost revenues due to the COVID-19 pandemic. As such, the \$176,000 in CDBG-CV funds allocated to the Corona Emergency Related Activities project is no longer needed.

ANALYSIS:

After a year of CDBG-CV program activity, staff has sufficient information to analyze the efficacy of the program, as well as community needs. Staff concludes that reallocation of funds between the programs is warranted to provide responsive support to Corona residents.

In compliance with HUD regulations, Amendment No. 3 to the 2015-2019 Consolidated Plan and 2019-2020 Action Plan (Amendment No. 3) has been drafted to outline the recommended reallocation of funds as follows:

1. Cancel the Corona Emergency Related Activities project. The justification for this recommendation is explained above in the Background & History.
2. Reduce the PPE Business program by \$100,000. This program has demonstrated a modest demand and staff concludes the current allocation is too large. Furthermore, at the current rate of participation, i.e., eight applications per year, the allocation would not be spent within HUD’s deadline. Therefore, a reduction of funds is recommended.
3. Reallocate \$276,000 into the EHNAP-Rental program to provide additional emergency rental assistance. Although the County’s rental assistance remains available, residents in Corona continue to contact staff for assistance, which demonstrates a continued community need.

The table below outlines the reallocation of funds.

CDBG-CV Activity	Current Allocation	Revised Allocation	Net Change
Personal Protective Equipment Grant (PPE)	\$224,557	\$124,557	(-\$100,000)
Corona Emergency Related Activities	\$176,000	\$0	(-\$176,000)

Emergency Housing Needs Assistance Program (Rental)	\$585,877	\$861,877	+\$276,000
Total	\$986,434	\$986,434	\$0

Amendment No. 3 will go into effect once it has been approved by the City Council and HUD.

Citizen Participation

In accordance with HUD regulations and the City’s adopted Citizen Participation Plan, the draft Amendment No. 3 to the 2015-2019 Consolidated Plan and the 2019-2020 Action Plan was made available for public review online at www.CoronaCA.gov/CDBG from March 2 to March 16, 2022. The public was advised of the public hearing and encouraged to submit comments. Additionally, a public notice has been published as of March 2, 2022, in the City’s paper of general circulation (i.e., the Sentinel).

FINANCIAL IMPACT:

There will be no impact to the General Fund because of this action. Amendment No. 3 will result in the reallocation of funds within existing CIPs 75000431, 74090431 and 78050431.

ENVIRONMENTAL ANALYSIS:

The development of required plans and the reallocation of CDBG-CV funds is an administrative activity exempt under 24 CFR Part 58, Section 58.34 of the National Environmental Policy Act of 1969, as amended. Additionally, this action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common-sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is a financial transaction to reallocate funds between programs, and there is no possibility that approving this action will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: CYTNHIA LARA, ADMINISTRATIVE SERVICES MANAGER II

REVIEWED BY: ANNE K, TURNER, COMMUNITY SERVICES DIRECTOR

Attachment:

1. Amendment No. 3 to the 2015-2019 Consolidated Action Plan and 2019-2020 Action Plan