



Staff Report

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**File #:** 23-0112

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**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 02/15/2023

**TO:** Honorable Mayor and City Council Members

**FROM:** Community Services Department

**SUBJECT:**

Public Hearing for City Council consideration of Amendment No. 4 to the 2019-2020 Action Plan to reallocate funds between approved Community Development Block Grant projects.

**EXECUTIVE SUMMARY:**

This staff report asks Council to consider reallocating Community Development Block Grant Covid-CV projects funds from the approved Covid program for personal protective equipment and mortgage assistance to the rental assistance program. On May 15, 2022, Council approved a reallocation of funds from within the approved Covid program to rental assistance to meet the highest needs of the community. Rental assistance remains a need, and staff recommends another reallocation of funds from the less active programs into the rental assistance program and authorization to reallocate all remaining funds later this year, if needed, to meet rental assistance needs and comply with HUD's expenditure deadlines.

**RECOMMENDED ACTION:**

**That the City Council:**

- a. Conduct a public hearing to receive comments concerning Amendment No. 4 to the 2015-2019 Consolidated Plan and the 2019-2020 Action Plan.
- b. Approve Action Plan Amendment No. 4 to the 2015-2019 Consolidated Plan and 2019-2020 Action Plan reallocating funds between approved Community Development Block Grant (CDBG -CV) projects. Specifically, the Amendment No. 4 reduces the remaining balance of the Personal Protective Equipment Grant by \$86,039.38, reduces the Emergency Housing Needs Assistance (Mortgage EHNAP) budget by \$75,363, and increases the Emergency Housing Needs Assistance Program (Rental EHNAP) budget by \$161,402.38 to provide additional emergency rental assistance to COVID-impacted Corona residents at risk of homelessness.

- c. Authorize the City Manager, or his designee, to prepare and process all necessary budgetary transactions to effectuate the changes included in Action Plan Amendment No. 4.
  
- d. 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 CDBG-CV projects.

**BACKGROUND & HISTORY:**

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act or Act) was enacted on March 27, 2020. It authorized \$2.2 trillion in funding for a variety of stimulus measures to prevent, prepare for, and respond to the COVID-19 pandemic. The Act included an allocation of \$5 billion in Community Development Block Grant (CDBG) funds. 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 was a recipient of CARES Act funding administered through the CDBG program. The CARES Act funding portion of the CDBG program are commonly referred to as "CDBG-CV funds."

On April 2, 2020, the City was first awarded \$734,885 in CDBG-CV funds and on June 3, 2020, the City Council adopted Amendment No. 1 to the City's CDBG 2015-2019 Consolidated Plan and CDBG 2019-2020 Action Plan (CDBG Plans) to include the CDBG-CV funds. On September 11, 2020, the City was notified by HUD that an additional \$935,657 of CDBG-CV funds would be awarded to the City and on November 18, 2020, the City Council adopted Amendment No. 2 to the CDBG Plans to include the additional funds. On May 15, 2022, the City Council adopted Amendment No. 3 to the City's CDBG 2015-2019 Consolidated Plan and 2019-2020 Action Plan and reallocated funds between approved CDBG-CV projects. Specifically, the Amendment No. 3 canceled the Corona Emergency Related Activities project (\$176,000), reduced the Personal Protective Equipment Grant program by \$100,000, and increased the Emergency Housing Needs Assistance Program (EHNAP) by \$276,000 to provide additional emergency rental and utility assistance to COVID-19 impacted Corona residents at risk of homelessness.

The following is a summary of the existing CDBG-CV funded programs.

Emergency Housing Needs Assistance Program - (Rental)

The Emergency Housing Needs Assistance Rental Program (Rental EHNAP) for renters has been allocated a total of \$861,877 of the CDBG-CV funding to provide rental and utilities assistance to renters that suffered a loss of income due to COVID-19 and were at the risk of losing their housing. To be eligible, applicants are required to submit evidence of current gross annualized household income that is below 80 percent of Area Median Income (AMI) adjusted for household size as published by HUD and demonstrate loss of income because of the COVID-19 pandemic. At creation, Rental EHNAP provided up to \$2,000 per month for a period of up to three (3) consecutive months to assist with rent and utility costs. The adoption of Amendment No. 2 enhanced Rental EHNAP by extending the assistance to six (6) consecutive months and providing a maximum assistance not to exceed \$12,000 per household. The adoption of Amendment No. 3 re-allocated \$100,000 from the Personal Protective Equipment Business Program and \$176,000 from the Emergency Related Activities project. Rental EHNAP continues to be the City's most successful program. Rental EHNAP

has spent/committed the \$276,000 additional funds received in May 2022 in less than 8 months with an application approval rate of three (3) per month.

Emergency Housing Needs Assistance Program (Mortgage)

Adoption of Amendment No. 2 created the Emergency Housing Needs Assistance Mortgage Program (Mortgage EHNAP) for homeowners and was allocated a total of \$350,000 of the CDBG-CV funding to provide mortgage and utilities assistance to homeowners that suffered a loss of income due to COVID-19. To be eligible, applicants are required to submit evidence of current gross annualized household income that is below 80 percent of AMI adjusted for household size as published by HUD, demonstrate loss of income because of the COVID-19 pandemic and reside in the home as a primary residence. Mortgage EHNAP was created with the enhanced assistance of up to six (6) months and provide a maximum assistance not to exceed \$12,000 per household. Mortgage EHNAP has spent/committed \$212,000 of its allocated funding. Staff had expected a substantial increase in interest after the mortgage forbearance period ended September 2021, however, that was not the case. Mortgage EHNAP averages less than one application approval per month in 2022.

Personal Protective Equipment Business Assistance Program (PPE)

Adoption of Amendment No. 2 created the Personal Protective Equipment Business Assistance Program (PPE) for business owners and was allocated a total funding of \$224,557 to provide grants to businesses for the purchase of personal protective equipment. To be eligible, businesses are required to have a physical location in the City of Corona and open to the public. Examples of eligible businesses included but were not limited to nail shops, hair salons, restaurants, retail stores, or other service-oriented businesses. Businesses must demonstrate adverse COVID-19 impacts and are required to have PPE to allow for the safe operation of the business. The business shall have already been established and open to the public prior to March 13, 2020. PPE provided grants in an amount of up to \$5,000 to eligible businesses (per year) to reimburse costs associated with the purchase of personal protective equipment to meet Federal and State guidelines that would protect public health. Due to a lack of interest, or need, adoption of Amendment No. 3 reallocated \$100,000 of PPE funding to Rental EHNAP. And for the past nine (9) months this program has had no activity.

**ANALYSIS:**

The Covid-CV projects were approved with certain parameters to allow flexibility in re-allocating funding between the programs. City staff is returning to Council to provide updates on the status of these programs, recommendations for additional reallocations from Mortgage EHNAP and PPE to Rental EHNAP, and to allow for future transfer of funds from Mortgage EHNAP to Rental EHNAP if needed to best address the needs of Corona’s residents and meet HUD’s expenditure deadlines.

Since the creation of the Covid-CV projects, staff has successfully administered the various Covid-CV projects. The City used Social Media platforms, the Corona Connection, partnerships with the Fair Housing Council of Riverside County, Corona Norco Unified School District, and 211 to promote the programs. Once the programs were underway, referrals amongst landlords and tenants played a key role as well. Through these efforts, the programs have provided needed financial relief to the various residents of Corona whether homeowners, business owners, renters, or landlords. The following outline describes the programs successes and current funding status:

**Emergency Housing Needs Assistance (Rental)**

Total Allocation: \$861,877

- ▶Lease Assistance: \$827,046
- ▶Utility Assistance: \$28,532

Total Assistance to Date: \$855,578 (All totals include encumbered/future payments \*subject to change based on actual bill totals and Monthly Confirmation Forms submitted)

▶Grant Balance: \$6,308

Total applications received: 193

- ▶Approved: 100 (average assistance: \$8,555 per household - max assistance \$12,000)
  - 34 applicants: 3-month assistance (pre 12/1/2020 program revision)
  - 66 applicants: 6-month assistance
  - 278 Corona residents assisted

**Emergency Housing Needs Assistance (Mortgage)**

Total Allocation: \$350,000

- ▶Mortgage Assistance: \$204,810
- ▶Utility Assistance: \$7,230

Total Assistance to Date: \$212,040 (All totals include encumbered/future payments \*subject to change based on actual bill totals and Monthly Confirmation Forms submitted)

▶Grant Balance: \$137,959

Total applications received: 29

- ▶Approved:20 (average assistance: \$11,275 per household - max assistance is \$12,000)
  - One (1) application pending review
  - 63 Corona residents assisted

Staff proposes to transfer \$75,363 from this program to Rental EHNAP. The fund balance for Mortgage EHNAP would be approximately \$60,000, which could assist an estimated five (5) additional mortgage households. The remaining Mortgage EHNAP funds will continue to be monitored for activity. Funds remaining in the Mortgage EHNAP due to lack of interest or inactivity, will be transferred to the Rental EHNAP budget at a future date to ensure compliance with federal program guidelines.

**Personal Protective Equipment Grants for Businesses**

Total Allocation: \$124,557

- ▶PPE Assistance: \$38,517.62

Grant Balance: \$86,039.38

Total applications received: 12

- ▶Approved: 11
- ▶Processed: 8 - Although eleven applications were approved, only eight applicants provided the

required documentation to receive reimbursements.

PPE has assisted a total of eight (8) businesses totaling financial assistance of \$38,517. Although staff continuously marketed PPE via social media, City's webpage, and Economic Development's email blasts, PPE has not received inquiries in over nine (9) months. Staff proposes the closure of the PPE program and that its remaining balance of \$86,039 be transferred to the Rental EHNAP.

Amendment No. 4 - Staff Recommendation

The City has served over 130 Corona households and business owners with rental, mortgage, utility, and business relief under its Covid-CV projects. Staff proposes a transfer of \$161,000 from the Emergency Housing Needs Assistance Mortgage Program and the Personal Protective Equipment Business Assistance Program which could assist an estimated fourteen (14) additional rental households.

With the approval of the proposed Amendment No. 4, City staff will continue to provide financial assistance to its residents that demonstrate the most need under the Rental EHNAP. Upon the successful use, full commitment, and expenditure of these re-allocated federal funds, Mortgage EHNAP and Rental EHNAP will be closed. Staff anticipates funds to be fully committed by June 2023 and fully expensed by the first quarter in fiscal year 2023/2024. The continuance and future administration and funding of these programs would require the use of local funds as it is not expected for the federal government to provide additional funding for these COVID-19 pandemic programs.

**FINANCIAL IMPACT:**

The CDBG-19 Programs have already been allocated funding and do not negatively impact the General Fund. All programs are entirely funded by the CDBG-CV funds. Approval of the recommended action will transfer \$86,039.38 from the PPE program and \$75,363 from Mortgage EHNAP, total of \$161,402.38 to Rental EHNAP within the existing budget.

**ENVIRONMENTAL ANALYSIS:**

The development of required plan 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.

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**PREPARED BY:** LAURA HUERTA, MANAGEMENT ANALYST II and CYNTHIA LARA, COMMUNITY ASSISTANCE MANAGER

**REVIEWED BY:** ANNE K. TURNER, COMMUNITY SERVICES DIRECTOR

**Attachments:**

1. Amendment No. 4 to the 2015-2019 Consolidated Plan and 2019-2020 Action Plan