



AGENCY: City Council
MEETING DATE: March 8, 2021
DEPARTMENT: Finance Development
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AGENDA ITEM SUMMARY

TITLE:

Receive Report and Provide Direction to Staff Regarding Community Development Block Grant Coronavirus Response Round 2&3 (CDBG-CV2&3) Program Applications

ISSUE:

In response to the federal CARES Act, the California Housing and Community Development Department (HCD) received a combined allocation of approximately \$71.2M from the federal Department of Housing and Urban Development (HUD) for the state Community Development Block Grant Coronavirus Response Round 2 and Round 3 (CDBG-CV2&3) program. HCD has made these funds available through a (CDBG) Notice of Funding Availability (NOFA), which was released on December 18, 2020. The CDBG-CV2&3 applications are due May 7, 2021. The City of Fort Bragg is eligible to apply for three activities during the CDBG-CV2&3 NOFA cycle.

As required by the CDBG program, staff conducted a Design Phase hearing on January 21, 2021, to solicit community input and to assess needs for CDBG-CV applications. Staff also requested and reviewed City priorities for CDBG funding. Based on the Design Phase hearing and activities proposed by City departments, a list has been prepared identifying potential activities for the CDBG-CV NOFA applications. Staff has analyzed the potential grant activities to estimate likelihood of award and to assist City Council in determining the best strategy for applying for funding under this and future NOFAs.

At this time, staff seeks Council's direction on priority activities for the CDBG-CV2&3 grant cycle under the NOFA. Three activities may be applied for in the NOFA for a maximum application amount of \$325,653.

After the applications are prepared and before they are submitted to CDBG, City Council must approve an application resolution.

ANALYSIS:

The State CDBG program will be providing funding through an allocation set by HCD for the CDBG-CV2&3 NOFA for a variety of housing, community development, and economic development activities. State CDBG funding is available for "non-entitlement" cities with fewer than 50,000 residents and counties with fewer than 200,000 residents. The City of Fort Bragg is a non-entitlement city and is eligible to apply for CDBG-CV1 funding under the CDBG-CV1 NOFA.

To award CARES Act funding, HUD requires HCD to release these funds under a Notice of Funding Availability (NOFA) to state the terms under which non-entitlement communities may apply for the funding. The NOFAs describe total available funding, eligible activities,

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eligibility requirements, and application procedures. Each eligible jurisdiction may apply for a range of activities depending upon limits imposed by the NOFA. For the CDBG-CV2&3 NOFA, HCD has published that \$71.2 million is available for State CDBG applications.

CDBG-CV1 NOFA

The CDBG-CV2&3 NOFA is different from any previous regular CDBG NOFA as these funds are a direct response to the COVID-19 pandemic. HCD has made significant changes to the application parameters. Major changes in the NOFA include:

- Set allocation for each eligible jurisdiction;
- 24-month expenditure period;
- Ability to apply for four activities (total application including CV1&CV2&3);
- Activities must be a direct response to COVID-19; and
- No duplication of benefits.

Application Elements and Agreements

Each jurisdiction may submit up to four applications with one activity per application. The City is eligible to apply for up to three additional activities, with one application already in process for the City's CV1 (Utility Assistance Program) allocation. Each application will have its own budget, National Objective, scope of work and timeline (not to exceed a 24 months activity term). All CDBG activities must meet one of three National Objectives, including (1) benefit to low-and-moderate income persons; (2) prevention of elimination of slums and blight; or (3) urgent need. The most commonly used National Objective is benefit to low-and-moderate-income persons or households (LMI). The LMI household income thresholds are calculated and published by the U.S. Department of Housing and Urban Development (HUD) annually. Additionally, HUD created a mapping tool using the 2011-2015 American Community Survey data to assist jurisdiction when calculating LMI for application purposes.

For each potential activity the following threshold requirements must be met before application:

1. Non-entitlement City or County;
2. Submission of eligible activity in accordance with the CARES Act;
3. Activity must meet a National Objective;
4. Demonstrate compliance with federal financial management (single audit, etc.);
5. Federal Citizen Participation Requirements;
6. Housing Element Certification;
7. Citizen Participation requirements;
8. Good Standing with the Department of Housing and Community Development; and
9. Resolution approved by Governing Body.

At application, the City will have met all requirements for the outlined potential activities. Each application or activity will have its own award and Standard Agreement (up to four for all CDBG-CV awards).

Scoring

There is no scoring criteria for this NOFA as each eligible jurisdiction has a set allocation.

Eligible Activities

The following chart “Appendix E” outlines the eligible activities:

| APPENDIX E - CDBG-CV2/3 NOFA | | | | | | |
|--|---|-----|-----|-----|-----|-----|
| IDIS Matrix- CDBG Eligibility Activity Codes and National Objectives | | | | | | |
| Matrix Code Key - National Objective Codes (N = Not Allowed) | | | | | | |
| Code | Eligible Activity | LMA | LMC | LMH | LMJ | URG |
| 01 | Acquisition of Property - 570.201(a) | | | | | |
| 03A | Senior Centers | N | | N | N | |
| 03B | Facility for Persons with Disabilities | N | | N | | |
| 03C | Homeless Facilities (not operating costs) | N | | N | | |
| 03D | Youth Centers | N | | N | N | |
| 03E | Neighborhood Facilities | | | N | | |
| 03F | Parks and Recreational Facilities | | | N | N | |
| 03H | Solid Waste Disposal Improvements | | | | | |
| 03J | Water/Sewer Improvements | | | | | |
| 03M | Child Care Centers | N | | N | | |
| 03P | Health Facilities | | | N | | |
| 03Q | Abused and Neglected Children Facilities | N | | N | | |
| 03S | Facilities for AIDS Patients | N | | N | | |
| 03T | Operating Costs Homeless/AIDS Patients | N | | N | N | |
| 03Z | Other Public Facility Improvements | | | | | |
| 05A | Senior Services | N | | N | N | |
| 05B | Services for Persons with Disabilities | N | | N | N | |
| 05C | Legal Services | | | N | N | |
| 05D | Youth Services | N | | N | N | |
| 05E | Transportation Services | | | N | N | |
| 05F | Substance Abuse Services | | | N | N | |
| 05G | Services for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking | N | | N | N | |
| 05H | Employment Training | | | N | N | |
| 05J | Fair Housing Activities-Subj to Pub.Serv.Cap | | | N | N | |
| 05K | Tenant/Landlord Counseling | N | | N | N | |
| 05L | Child Care Services | N | | N | N | |
| 05M | Health Services | | | N | N | |
| 05N | Abused and Neglected Children | N | | N | N | |
| 05O | Mental Health Services | | | N | N | |
| 05P | Screening for Lead Based Paint | N | | N | N | |
| 05Q | Subsistence Payments | N | | N | N | |
| 05S | Rental Housing Subsidies | N | N | | N | |
| 05T | Security Deposits | N | N | | N | |
| 05U | Housing Counseling Only, under 24 CFR 5.100 | N | N | | N | N |
| 05W | Food Banks | | | N | N | |
| 05X | Housing information and referral services | N | | | N | N |
| 05Z | Other Public Services | | | N | N | |
| 06 | Interim Assistance | | N | N | N | |
| 08 | Relocation | | | | | |
| 09 | Rental Income Loss | | | | | |
| 14A | Rehab Single Unit Residential | | | | | |
| 14B | Rehab; Multi-Unit Residential | N | N | | N | |
| 14C | Public Housing Modernization | N | N | | N | |
| 14D | Rehab: Other than Public Owned Residential Building | N | N | | N | |
| 14E | Rehabilitation: Publicly or Privately Owned Residential Building | | | N | | |
| 14G | Acquisition for Rehabilitation | N | N | | N | |
| 14H | Rehabilitation Administration | | | | | |
| 14I | Lead-Based Paint Abatement | N | N | | N | |
| 15 | Code Enforcement | | N | N | N | |
| 17B | Commercial/Industrial: Infrastructure Development | | | N | | |
| 17C | Commercial/Industrial Acq. Construction Rehab | | | N | | |
| 17D | Other Commercial/Industrial Improvements | | | N | | |
| 18A | ED Assistance to For-Profits | | N | N | | |
| 18B | Economic Development: Technical Assistance | | N | N | | |
| 18C | Micro-Enterprise Assist. | | | N | | |
| 19C | Non-Profit Capacity Building | | | | | |
| 21D | Fair Housing Activity (Subject to Admin Cap) | N | N | N | N | N |
| 21H | CDBG Funding of HOME Admin. | N | N | N | N | N |
| 21I | CDBG Funding of Home CHDO Operations | N | N | N | N | N |

NOTE: The City’s allocation is \$325,653. The proposed activity budget cannot exceed available funds.

Potential Application Activities

On January 21, 2021, staff held a Design Phase public hearing to discuss the CARES Act CDBG funding opportunities. The meeting notice was published in the Fort Bragg Advocate, posted in English and Spanish at various locations, emailed to interested parties listed on City website notifications groups, and emailed to many local non-profit organizations. Three individuals attended the January 21, 2021, Design Phase public hearing that was held via Zoom. At the meeting, staff discussed potential ideas proposed by attendees. None of the COVID-19 specific eligible activity ideas proposed at the Design meeting have identified Program Operators, making the activities ineligible for application at this time.

City staff have identified two potential eligible activities for the CDBG-CV2&3 allocation.

1. Utility Bill Assistance Program

On August 10, 2020, Council adopted a Resolution approving an application for the City’s CDBG-CV1 allocation to fund a Utility Assistance Program. The CV1 application will provide \$74,278 of direct utility assistance payments and \$15,214 for program administration. The direct relief provided to residents from the CV1 activity funds could be further extended with the addition of CV2&3 funding.

| Activity | Expense |
|---------------------------|----------------|
| CV1: | \$89,492 |
| CV2&3: | \$88,042 |
| | |
| Combined Activity Total: | |
| Direct Utility Assistance | \$156,230 |
| Program Administration | \$21,304 |
| Utility Program Total | \$177,534 |
| | |

The Utility Assistance Program would provide payment assistance to low-to-moderate income households that live in city limits. With the addition of CV2&3 funds the program could increase the amount of assistance per eligible household from \$500 to \$800 in direct assistance and increase the amount of households assisted from 130 households to 222 households.

Since the COVID-19 pandemic and the Shelter-in-Place Orders the City’s utility billing statements have shown a significant increase in past-due accounts which, for most residents, is likely due to the economic impacts of COVID-19. Additionally, staff have talked to other utility providers that hear from their customers that making payments has been challenging. This program would provide much needed relief to eligible households, meets the CDBG national objective of benefiting Low-Moderate Clientele and would be administered and operated through the City.

2. COVID-19 Business Assistance Loan Program (CV-BALP)

| Activity | Expense |
|---------------------|-----------|
| Direct Loan Funding | 178,209 |
| Activity Delivery | 35,641 |
| Administration | 23,761 |
| CV-BALP Total | \$237,611 |

Since May 2020, staff has reached out to businesses through surveys, phone calls and email to try to understand the economic impacts that are being experienced due to COVID-19. During this time staff has heard from more than 60 businesses and over \$2M dollars of financial assistance has been requested. A CV-BALP would provide low-interest loans and forgivable loans to businesses within City limits, as well as preserve and/or increase the number of jobs in Fort Bragg.

RECOMMENDED ACTION:

Provide direction to staff regarding City Council's priorities for activities to be included in the CDBG-CV2&3 applications.

ALTERNATIVE ACTION(S):

No action will be taken other than to provide direction to staff, so no alternative actions are needed.

FISCAL IMPACT:

CDBG funds allow the City to conduct activities and complete projects to benefit the community, and in particular the City's low- and moderate-income residents, for which funding would otherwise be unavailable. CDBG activities also create job opportunities in the community. CDBG grant administration requires significant commitment of staff time, but CDBG provides funding for administrative activities (up to 13% of activity funds in CDBG-CV2&3) that is generally adequate to service the program.

GREENHOUSE GAS:

Payment assistance programs, loan programs or other public services are not expected to have any direct impact on greenhouse gas emissions.

CONSISTENCY:

The State CDBG mission is to improve the lives of low- and moderate-income residents through the creation and expansion of community and economic development opportunities, which supports livable communities for all residents. This mission is consistent with City Priority Areas.

IMPLEMENTATION/TIMEFRAMES:

If City Council provides direction to submit CDBG-CV2&3 applications, a Resolution of application must be approved prior to application submittal. The application due date is May 7, 2021.

ATTACHMENTS:

None.

NOTIFICATION:

1. CDBG Activities Notify Me Subscribers