



**AGENCY:** City Council  
**MEETING DATE:** July 13, 2020  
**DEPARTMENT:** Community Development  
**PRESENTED BY:** N. McLaughlin  
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## AGENDA ITEM SUMMARY

**TITLE:**

**Receive Report and Provide Direction to Staff Regarding Community Development Block Grant Coronavirus Response Round 1 (CDBG-CV1) Program Applications**

**ISSUE:**

In response to the federal CARES Act the California Housing and Community Development Department (HCD) received an allocation of approximately \$18.7M from the federal Department of Housing and Urban Development (HUD) for the state Community Development Block Grant Coronavirus Response Round 1 (CDBG-CV1) program. HCD has made these funds available through a CDBG Notice of Funding Availability (NOFA), which was released on June 5, 2020. The CDBG-CV1 applications are due August 31, 2020. The City of Fort Bragg is eligible to apply for three activities during the CDBG-CV1 NOFA cycle.

As required by the CDBG program, staff conducted a Design Phase hearing on June 30, 2020, to solicit community input and to assess needs for CDBG-CV1 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-CV1 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-CV1 grant cycle under the NOFA. Three activities may be applied for in the NOFA for a maximum application amount of \$89,492.

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-CV1 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, eligibility requirements, and application procedures. Each eligible jurisdiction may apply for

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a range of activities depending upon limits imposed by the NOFA. For the CDBG-CV1 NOFA, HCD has published that \$18.7 million is available for State CDBG applications.

### **CDBG-CV1 NOFA**

The CDBG-CV1 NOFA is different from any previous 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;
- 12-month expenditure period;
- Ability to apply for three activities;
- Activities must be a direct response to COVID-19; and
- No duplication of benefits.

### **Application Elements and Agreements**

Each jurisdiction may submit up to three applications with one activity per application. Each application will have its own budget, National Objective, scope of work and timeline (not to exceed a 12 months' activity term). All CDBG activities must meet one of three National Objectives, including (1) benefit to low- and moderate-income persons; or (2) prevention or 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 jurisdictions 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. Good Standing with the Department of Housing and Community Development;

The City meets these requirements for the outlined potential activities.

Each application or activity will have its own award and Standard Agreement (up to three for the CDBG-CV1 NOFA cycle).

**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-CV1 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)					
03B	Facility for Persons with Disabilities	N		N		
03C	Homeless Facilities (not operating costs)	N		N		
03P	Health Facilities			N		
03T	Operating Costs Homeless/AIDS Patients	N		N	N	
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	
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	
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
06	Interim Assistance		N	N	N	
08	Relocation					
09	Rental Income Loss					
14B	Rehab; Multi-Unit Residential	N	N		N	
14G	Acquisition for Rehabilitation	N	N		N	
14H	Rehabilitation Administration					
14I	Lead-Based Paint Abatement	N	N		N	
18A	ED Assistance to For-Profits		N	N		
18B	Economic Development: Technical Assistance		N	N		
18C	Micro-Enterprise Assist.			N		
21A	General Program Admin. - 570.206	N	N	N	N	N
21H	CDBG Funding of HOME Admin.	N	N	N	N	N

NOTE: The City’s allocation is \$89,492. The proposed activity budget cannot exceed available funds.

**Potential Application Activities**

On June 30, 2020, 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 News, posted in English and Spanish at various locations, emailed to the interested parties listed on the City’s website notifications groups, and emailed to many local non-profit organizations. Four individuals attended the June 30, 2020, Design Phase public hearing that was held via Zoom. At the meeting, staff discussed many 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. Staff will work with community members and non-profits to develop the proposed ideas further to prepare for the next CDBG-CV round.

City staff have identified one potential eligible activity for the CDBG-CV1 allocation.

- Water/Wastewater Bill Assistance Program

<b>Activity</b>	<b>Expense</b>
Direct Water/Wastewater Assistance	\$74,278
Program Administration	\$15,214
Total Program Cost	\$89, 492

The Water/Wastewater Bill Assistant Program would provide payment assistance to low- to moderate-income households that live in city limits. Since the COVID-19 pandemic and the Shelter-in-Place Orders, there has been a significant increase in past-due bills. This program would provide relief to eligible households, meets the CDBG national objective of benefiting Low-Moderate Clientele and would be administered and operated through the City.

**Update of 2020 Application Activities**

- **Business Assistance Loan Program** – Application submitted, pending notification of award.
- **Microenterprise Financial Assistance Program** – Application submitted, pending notification of award.
- **Code Enforcement Program** – Application submitted, pending notification of award. Public Services were under subscribed through application NOFA round. Staff will work with HCD to obtain activity award.
- **Mill Site Planning** – Application submitted, pending notification of award. Public Services were under subscribed through application NOFA round. Staff will work with HCD to obtain activity award.
- **Fire Station Rehabilitation Planning** – Application submitted, pending notification of award. Public Services were under subscribed through application NOFA round. Staff will work with HCD to obtain activity award.

**RECOMMENDED ACTION:**

Provide direction to staff regarding City Council’s priorities for activities to be included in the CDBG-CV1 applications.

**ALTERNATIVE ACTION(S):**

No action. Under this alternative, the City would not submit competitive applications at the August 31, 2020 deadline.

**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 17% of activity funds in CDBG-CV1) that is generally adequate to service the program.

**GREENHOUSE GAS:**

Payment assistance 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-CV1 applications, a Resolution of application must be approved prior to application submittal. The application due date is August 31, 2020.

**ATTACHMENTS:**

None.

**NOTIFICATION:**

1. CDBG Activities Notify Me Subscribers