



CITY COUNCIL AGENDA REPORT



DEPARTMENT: Community Development

MEETING DATE: May 19, 2020

PREPARED BY: Aleks Akopyan, Neighborhood Services
Program Coordinator

AGENDA LOCATION: AR-2

TITLE: Supplemental Community Development Block Grant (CDBG) Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Fund Allocation to Respond to COVID-19 Pandemic Related Activities for Fiscal Years 2019-2020 and 2020-2021

OBJECTIVE: To provide direction on the proposed projects funded by the CARES Act supplemental CDBG allocation to assist low-moderate income individuals and households impacted by the COVID-19 Pandemic

BACKGROUND: In 1974, Congress initiated the Community Development Block Grant (CDBG) Program as part of the Housing and Community Development Act. The *mission* of the CDBG Program is to improve the quality of life for people of low-moderate incomes in low-income census tract areas, aid in the prevention of neighborhood deterioration, and meet other urgent community development needs through funding to local communities. Due to its emphasis on flexibility, CDBG remains one of the most effective forms of federal assistance available to local governments.

The Los Angeles County Development Authority (LACDA) administers CDBG funding for non-entitlement cities in the County. A non-entitlement city is a community that has a population of less than 50,000. Monrovia participates in the LACDA program ("participating city") and receives an annual allotment of CDBG funds. Monrovia utilizes this money to fund a portion of the Code Enforcement program as well as providing Home Improvement Grants to income qualified property owners.

CARES Act

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law, which includes \$5 billion in additional CDBG funds to prevent, prepare for, and respond to the COVID-19 Pandemic. As a direct allocation, \$2 billion of the \$5 billion goes to state and local governments through the existing formula for all grantees that received a Fiscal Year 2020-2021 CDBG allocation from LACDA. LACDA has been allocated \$13,668,315 for participating cities. The City of Monrovia's CDBG coronavirus response (CDBG-CV) funds allocation is \$127,380. These additional funds can be used immediately to assist low-moderate income individuals and households who have been impacted by the COVID-19 Pandemic. Cities are encouraged to implement programs as quickly as possible. All funds must be spent by September 30, 2022.

To facilitate the implementation of new emergency COVID relief related programs, the CARES Act includes provisions that facilitate the implementation of new programs by streamlining some of the standard provisions of CDBG administrative requirements, including noticing and hearing requirements.

ANALYSIS: Staff conducted a COVID-19 Pandemic community needs assessment to identify potential programs to direct this one-time money. While there is no shortage of needs in the community, four programs were identified to utilize the CDBG-CV supplemental funding to provide assistance to Monrovia's vulnerable and low-moderate income residents. Those programs and proposed funding are

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outlined in the table below. Additionally, a summary of the funding, proposal and considerations is attached.

PROPOSED PROGRAM(S)	FUNDING AMOUNT	BENEFIT	GUIDELINES
Rental Assistance	\$60,000	1 month payment (supplemental \$500/\$1,000)	Must assist low-moderate renters with COVID 19 related income impacts
Utility Assistance	\$20,000	1 month utility payment (all or supplemental \$150 max)	Must assist low-moderate income residents with COVID 19 related income impacts
Local Non-Profit: SGV Volunteer Center	\$20,000	One-time payment to non-profit to assist with the Meals on Wheels Program	Must assist low-moderate income seniors, families, and individuals with COVID 19 related income impacts
Local Non-Profit: Foothill Unity Center	\$20,000	One-time payment to non-profit to assist with food costs	Must assist low-moderate income seniors, families, and individuals with COVID 19 related income impacts

LACDA provided some general guidance on the use of this money and has guided cities toward programs that best fill the needs of the local community. Based on early direction from HUD, cities were strongly encouraged to use these funds for residential community members in need. While the funding can be used for business assistance, based on the qualification and reporting requirements, this could be extremely difficult to administer. All recipients of the proposed program(s) must meet the U.S. Department of Housing and Urban Development (HUD) income guideline requirements shown below.

Program Administration

All CDBG Funds must be dedicated toward persons/households that qualify as moderate or lower income households. This applies to the City’s annual allocation as well as the one-time CDBG-CV funds. For programs that provide direct assistance, the recipient must provide adequate documentation that demonstrate that they qualify under the income and household limits set by HUD (see table). This will require that all applications must be reviewed to ensure that recipients meet the income restrictions and will require that City staff to take the lead or assist in the vetting process depending on the program.

HOUSEHOLD SIZE	HOUSEHOLD INCOME
1 person	\$63,000
2 people	\$72,100
3 people	\$81,100
4 people	\$90,100
5 people	\$97,350
6 people	\$104,550
7 people	\$111,750
8 people	\$118,950

As proposed, the Rental Assistance and Utility Assistance programs will be managed by the Community Development Department. This will be administered similar to the Home Improvement Grant Program. With respect to the allocation to Foothill Unity Center, they have an income qualification system in place to ensure assistance is directed to Low-moderate income residents, therefore it is anticipated that City staff’s involvement to assist with that disbursement will be limited. The San Gabriel Valley Volunteer Center does not currently base its services on income, and therefore does not have metrics currently in place to help guide distributions to qualified households. However, with some assistance from City staff, Volunteer Center indicates they will be able to incorporate income qualification into their process to ensure that the CDBG funds will be utilized in accordance with the CDBG-CV funding guidelines. To that end, the Neighborhood and Business Services Division has the capacity to provide this limited technical and administrative assistance to both organizations. The allocation of the additional funds to both of these nonprofits will help accommodate a greatly increased demand on services that each provide.

Based on discussions with LACDA, the proposed programs meet the intent of the additional funding guidelines. Staff believes that these programs will provide as much assistance as possible to as many people as possible using existing resources as well as established distribution systems through local non-profits. Staff is looking for additional feedback and direction from the City Council on the establishment of these supplemental programs. With this direction, staff will work to refine the programs and develop the processes needed to ensure compliance with CDBG guidelines.

FISCAL IMPACT: By accepting the CDBG-CV supplemental funding from LACDA, the City can utilize the funds for new programs to assist low-moderate individuals and families affected by the COVID-19 Pandemic. The City will be reimbursed for all eligible expenses related to the programs. There will be additional demand on staff time to administer the proposed programs, however, this can be accommodated within staff's workload.

OPTIONS: The following options are presented for consideration:

- 1) Direct staff to move forward with the proposed programs to be funded by CDBG-CV funds.
- 2) Request additional information from staff before taking action.

RECOMMENDATION: Staff recommends that the City Council direct staff to move forward on the programs to use the CDBG-CV Supplemental Funding to provide assistance to residents impacted by the COVID-19 Pandemic.

COUNCIL ACTION REQUIRED: If the City Council concurs, the appropriate action would be a motion to direct staff to implement the CDBG coronavirus response (CDBG-CV) funded programs.

CDBG - CV

CDBG CARES ACT SUPPLEMENTAL FUNDS PROPOSAL

TOTAL ALLOCATION

\$127,380

FUNDS FOCUS

Assisting low-moderate income individuals/households that are experiencing hardship due to COVID-19. Assistance can be made by providing funds for rental assistance or by sub-awarding two other organizations, including non-profits.

If we provide funds to a third party, we would need to create and use a sub-recipient contract stating that a non-federal entity will receive sub-award from a pass-through entity (the City) to carry out a part of a federal program.

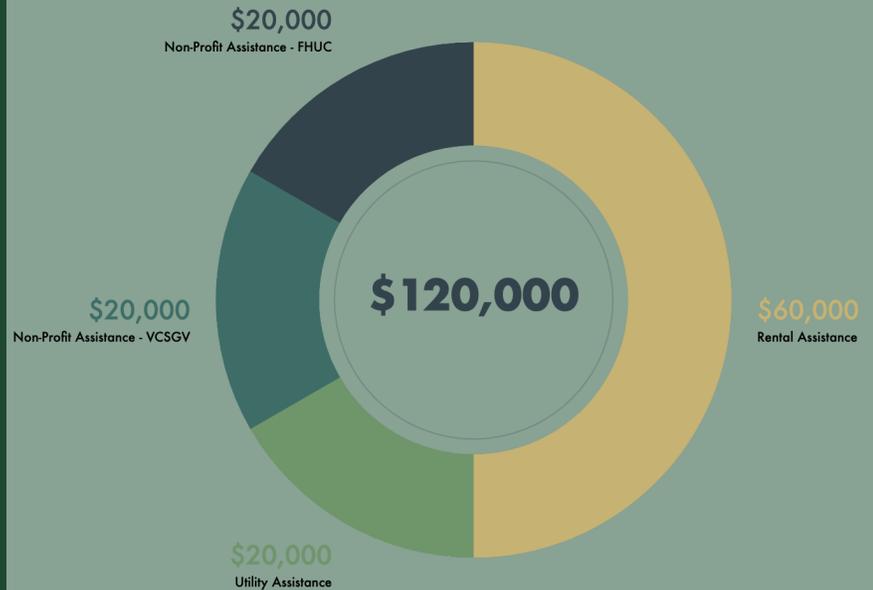
GUIDELINES FOR USE

- Funds are to be used only for low-mod income individuals/households
- Participants must meet HUD's income guidelines
- Some guidelines differ depending on the nature of the program proposed

REVISIONS TO PROGRAM PROVISIONS

- It is at the discretion of the city to get City Council approval and is not required by LACDA
- To add a new or cancel a CDBG funded activity Public Notice has been reduced from a 30 day period to 5 day period
- Deadline for amendments to existing CDBG funded activities is May 1, 2020 i.e Rehab/Code
- Must spend funds by September 30, 2022. There is no penalty for spending the funds earlier than that date.
- Reimbursement will be made through the usual Funding Request process
- Suspends 15% cap on Public Services
- Allows virtual hearings for as long as we are informed to practice social distance by national and local health authorities
- Program(s) can start immediately without an Exhibit A as of March 24, 2020. LACDA informed us that they are aiming to do this.

Potential Programs



RENTAL ASSISTANCE

ALLOCATION FOR USE: \$60,000

- 1 month payment (supplemental)
- Rental payment amount per household: \$500/\$1,000
- Amount of Renters Assisted: 120/60

THINGS TO CONSIDER:

- Must assist low-moderate income renters
- How many renters we have in the City
- How many of those renters we want to assist
- Staff time - Intake and screening of applications, including narrative on QPR
- Advertising - Creation of program flyer, guidelines, and application

UTILITY ASSISTANCE

ALLOCATION FOR USE: \$20,000

- 1 month utility payment
- Utility payment amount per applicant in need: \$150
- Amount of Residents/Families Assisted: 133

THINGS TO CONSIDER:

- Must assist low-moderate income residents
- Assistance with the payment of electricity, water, gas, etc.
- How many residents that are unable to afford utility payments due to COVID-19
- How many of those residents we want to assist
- Staff time - Intake and screening of applications, including narrative on QPR
- Advertising - Creation of program flyer, guidelines, and application

CONTINUED CDBG - CV

CDBG CARES ACT SUPPLEMENTAL FUNDS PROPOSAL

VOLUNTEER CENTER OF SAN GABRIEL VALLEY (VCSGV)

ALLOCATION FOR USE: \$20,000

- One-time Payment to Non-profit (or split into multiple payments if needed)

NEEDS:

- Approximately \$2,000 for 1 week of food costs
- Assistance with Meals on Wheels - 3.5 months
- VCSGV MOW services: 94 meals, 134 dinners and 23 lunches for 58 clients

THINGS TO CONSIDER:

- Must assist low-moderate income seniors, families, individuals.
- The Meals on Wheels Program is open to all seniors and community members who are disabled or shut-in and don't have the ability to prepare meals for themselves.
- VCSGV can determine which clients are low-mod income, with the help of the City creating an application form indicating requirements (income + household size)
- Staff time - Intake and screening of applications, including narrative on QPR.
- Advertising - Creation of program flyer, guidelines, and application.

FOOTHILL UNITY CENTER

ALLOCATION FOR USE: \$20,000

- One-time Payment to Non-profit (or split into multiple payments if needed)

NEEDS:

- Assistance with food costs

THINGS TO CONSIDER:

- Must assist low-moderate income seniors, families, individuals.
- Assistance with food costs.
- Foothill Unity Center already has a process and can determine low-mod income families/individuals that live in Monrovia
- Foothill Unity Center can administer the intake and screening of applications
- Advertising - Creation of program flyer, guidelines, and application.