



Legislation Text

File #: 20-0495, **Version:** 1

Recommendation to approve a first substantial amendment to the 2018-2022 Five-Year Consolidated Plan, Citizen Participation Plan, and Fiscal Year 2019-2020 Action Plan to incorporate emergency funds from the Coronavirus Aid, Relief and Economic Security Act (CARES Act), Community Development Block Grant Coronavirus (CDBG-CV) and Emergency Solutions Grant Coronavirus (ESG-CV), and approve a substantial amendment to the Fiscal Year 2017 and Fiscal Year 2018 Action Plans to reallocate Home Investment Partnerships Program (HOME) funds for COVID-19 response;

Authorize City Manager, or designee, to execute all necessary documents with the U.S. Department of Housing and Urban Development (HUD), and other entities necessary to receive these funds, and execute agreements necessary to implement and comply with related federal regulations; and

Increase appropriations in the Community Development Grant Fund Group in the Development Services Department by \$5,465,696, offset by grant revenue. (Citywide)

On April 21, 2020, the City Council requested the City Manager to report back on ways that Long Beach households can utilize the Los Angeles County Countywide Emergency Rental Assistance Program, once implemented, and assess the feasibility of utilizing additional federal, state, and private funding sources to assist additional Long Beach families with emergency rental assistance during the COVID-19 crisis.

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed on March 27, 2020, to prevent, prepare for, and respond to the coronavirus pandemic (COVID-19). The CARES Act made available \$5 billion in Community Development Block Grant Coronavirus (CDBG-CV) funds and \$4 billion in Emergency Solutions Grant Coronavirus (ESG-CV) funds. The U.S. Department of Housing and Urban Development (HUD) is immediately allocating first-round funding of \$2 billion based on the Fiscal Year 2020 (FY 20) CDBG formula and \$1 billion based on the FY 20 ESG formula.

Los Angeles County (County) is an Urban County participating-jurisdiction for the HUD Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME) and Emergency Solutions Grant (ESG) programs. The County will be awarded CDBG-CV and ESG-CV funds, and is proposing to support the Los Angeles County Emergency Rental Assistance Program with \$3,700,000 of its CDBG-CV funds. This program will provide up to \$1,000 per month for three months to lower-income renters living in unincorporated areas of Los Angeles County who have lost income due to COVID-19. For the purposes of CDBG implementation and for CDBG-CV and ESG-CV Programs, the County

only serves the unincorporated areas of Los Angeles County, plus non-entitlement areas (cities in the County with population of less than 50,000). The County received \$9,500,000 in CDBG-CV funds to serve non-entitlement areas. Those funds have not yet been programmed. The City of Long Beach is its own entitlement jurisdiction and receives funds directly from HUD. Long Beach cannot access Los Angeles County HUD funds in addition to its own funds. Therefore, the Los Angeles County Emergency Rental Assistance Program is not available to Long Beach residents.

The City of Long Beach's (City) initial CARES Act allocation is \$3,618,830 for CDBG-CV and \$1,846,866 for ESG-CV. HUD is treating the funds as a special allocation of CDBG and ESG funding. As such, the City's use of these funds requires a substantial amendment to the current approved Citizen Participation Plan, 2018-2022 Five-Year Consolidated Plan, and FY 2019-2020 Action Plan (Attachment A). These amendments are necessary to allow the City to receive and expend these funds.

HUD has also allowed several regulatory and statutory waivers, which are described below. These waivers alleviate a number of time-consuming procedures and allow jurisdictions to respond to the emerging crisis much faster than would be possible under normal circumstances. Usually, a 30-day public comment period is required when making substantial amendments. However, HUD has waived this requirement provided that no less than five days are provided for public comment on each substantial amendment. The bill also removes the requirement to hold in-person public hearings to comply with national and local social gathering restrictions.

In addition, and for the purpose of an expedited use of the CDBG-CV and ESG-CV funding, the bill eliminates the 15 percent spending cap on public services, which allows grantees to use CDBG resources for activities that would not typically be allowed at a large scale. The bill also allows grantees to be reimbursed for COVID-19 response activities, regardless of the date the costs were incurred.

Grantees are also eligible to apply the waiver of statutory regulations to prior year allocations. The City will utilize this waiver to reallocate HOME Investment Partnerships Program (HOME) funds from prior year FY 17 and FY 18 Action Plans to meet COVID-19 priorities. Furthermore, HUD has issued several HOME regulatory waivers, which allow HOME program funds to efficiently and expeditiously address COVID-19 housing-related challenges and provide support to residents through programs not typically allowed by the HOME program.

Staff recommends utilizing HOME and CDBG-CV funds to implement a Long Beach CARES Rental Assistance Program (Program), an emergency rental assistance program providing up to \$1,000 per month for up to three months (up to \$3,000 maximum) to households earning 80 percent or less of the Area Median Income (AMI) that have experienced an income loss due to COVID-19 impacts. Rental assistance payments can be used to cover all or a portion of monthly rent and/or rental arrears payments. Staff has substantially modeled the Program

after the Los Angeles County Emergency Rental Assistance Program. HUD requires that the rental assistance payments be made directly to the property owner/landlord. The Program will be funded with the reallocation of \$2,000,000 in HOME funds, and up to \$3,000,000 in CDBG -CV funds, bringing the total amount of funds available for emergency rental assistance to \$5,000,000. It is estimated that the funds will assist 1,666 households (based on \$3,000 per household). Should the City Council wish to assist a larger number of households, the following options may be considered:

- \$1,000 per month per household (\$3,000) serves 1,666 households (Recommended)
- \$800 per month per household (\$2,400) serves 2,083 households
- \$500 per month per household (\$1,500) serves 3,333 households

More information on the proposed Program, including a preliminary timeline and implementation plan are provided in Attachment B.

ESG-CV funds will be used for emergency shelter development and operation, and for homeless prevention. These programs will be administered by the Long Beach Department of Health and Human Services. More information on the programs funded by ESG-CV funds is provided in Attachment C. It should be noted that these funds must be expended by December 31, 2020.

This matter was reviewed by Deputy City Attorney Richard F. Anthony and Budget Management Officer Rhutu Amin Gharib on May 5, 2020.

EQUITY LENS

The City has incorporated the Equity Toolkit into this recommendation as requested by the City Council on April 21, 2020. This recommendation will provide rental payment assistance to Long Beach residents most impacted by COVID-19 and provides funds for emergency shelter development and operation, and for homeless prevention.

City Council action is requested on June 2, 2020, to submit the amended Action Plan to HUD for approval and assist tenants and landlords as quickly as possible.

In FY 20, the City will receive an additional allocation of CDBG and ESG funds. Therefore, an appropriation increase of \$5,465,696, offset by grant revenue, is requested in the Community Development Grants Fund Group in the Development Services Department. These grants generate a positive impact on job creation and retention in the community. This recommendation has minimal staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities.

Approve recommendation.

LINDA F. TATUM, FAICP

DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

THOMAS B. MODICA
ACTING CITY MANAGER