

## **R-3**

January 12, 2021

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

### RECOMMENDATION:

Approve proposed programs and budget for the third round of emergency grant funds from the Coronavirus Aid, Relief and Economic Security Act (CARES Act), Community Development Block Grant Coronavirus (CDBG CV-3) allocation;

Authorize the 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 \$4,585,285, offset by grant revenue. (Citywide)

### DISCUSSION

In March 2020, the U.S. Congress approved emergency funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to help local governments and residents respond to impacts of the Coronavirus pandemic. Congress provided \$5 billion in the CARES Act for the Community Development Block Grant (CDBG) program through the U. S. Department of Housing and Urban Development (HUD). HUD released funding in three separate grant rounds as described below:

- Round One (CDBG-CV1) – HUD allocated the first \$2 billion based on the same formula used for the regular FY 2020 CDBG formula allocation. HUD announced allocations on April 2, 2020. The City of Long Beach (City) received a CDBG CV1 allocation of \$3,618,830. This funding was used exclusively for the LB CARES Emergency Rental Assistance Program.
- Round Two (CDBG-CV2) – The CARES Act required HUD to allocate the second round of \$1 billion to the State of California (State) and insular area governments by May 11, 2020. The allocation targets public health, COVID-19, and housing and economic disruption needs. The State received a CDBG CV2 allocation of \$114,000,000. The City did not receive a direct allocation from HUD.
- Round Three (CDBG-CV3) – The CARES Act required HUD to allocate the third round of \$2 billion to cities, counties, and/or states on a rolling basis based on criteria determined by HUD Secretary, prioritizing risk of transmission, COVID-19

cases compared to the national average, and economic and housing market disruptions. The City has received a CDBG CV3 allocation of \$4,585,285 for additional COVID-19 response and support to community members impacted by the pandemic. The proposed use of these funds must be shared with the community and approved by HUD.

### **Proposed CDBG-CV3 Programs**

The attached proposed budget details proposed activities to be supported with CDBG-CV3 funds. The City Council has already requested and/or approved funding for the majority of the listed programs (Attachment A). The budget includes direct costs necessary for City staff to administer the programs, previously approved motel acquisition, enhancement of the existing residential rental assistance program (LB CARES), commercial rental assistance, artist assistance, as well as fair housing and eviction avoidance programs.

### **Regulatory Requirements and Priorities**

HUD has identified the urgent need to prevent, prepare for, and respond to the spread of COVID-19 and assist eligible individuals and families who are economically impacted at this time, and has thereby allowed a change to existing public participation requirements. CDBG-CV grantees have been given the flexibility to notify the public online of the allocation and how it will be spent.

In addition, HUD has issued statutory and regulatory waivers/alternative requirements for CDBG-CV funds when necessary to expedite or facilitate the use of grant funds to prevent, prepare for, and respond to COVID-19. The City will fully use these waivers when appropriate to implement the various proposed programs in a timely manner.

As previously stated, the primary purpose of CDBG CARES Act funds is to prevent, prepare for, and respond to COVID-19. However, all programs must meet CDBG National Objectives and eligible activities, such as public services, public facility improvements, public facility acquisition, and economic development, must assist disadvantaged residents or communities and meet all applicable federal standards for CDBG funds. In addition, the City must show a direct nexus between the activity being implemented and its relationship to COVID-19.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on December 16, 2020 and by Budget Analysis Officer Julissa José-Murray on December 21, 2020.

### **TIMING CONSIDERATIONS**

City Council action is requested on January 12, 2021, to submit the amended Action Plan to HUD for approval to provide assistance as quickly as possible. Approval is necessary to begin disbursement of those programs, such as commercial and artist assistance, that are not yet authorized.

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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 assistance to Long Beach residents and businesses most impacted by COVID-19 and provides funds for emergency shelter development and operation, and for homeless assistance and prevention.

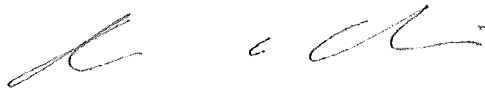
FISCAL IMPACT

In FY 21, the City will receive an additional \$4,585,285 allocation of CDBG CV3 funds, bringing the total allocation of CDBG CARES Act funds to \$8,204,115. An increase in appropriation of \$4,585,285, offset by grant revenue, is requested in the Community Development Grants Fund Group in the Development Services Department. There is no match or in-kind requirement to receive these funds. 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.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



OSCAR W. ORCI  
DIRECTOR OF DEVELOPMENT SERVICES

ATTACHMENT A: CDBG CV-3 PROPOSED PROGRAMS AND BUDGET

APPROVED:



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THOMAS B. MODICA  
CITY MANAGER

**ATTACHMENT A**

<b>CARES ACT 2020 (Program must prevent, prepare for, and respond to COVID)</b>				
<b>CDBG CV3 Allocation Proposed Programs</b>		<b>4,585,285</b>	<b>Description</b>	<b>Notes</b>
1	Administration	917,057	20 percent admin. allocation.	
2	Hotel Acquisition (Home Key) <b>(Approved by City Council on November 17, 2020).</b>	1,392,600	Best Western Acquisition.	Per staff report.
3	Residential Rent Repayment Match Program <b>(Requested by City Council on June 23, 2020).</b>	645,628	\$3,000 emergency rental assistance payment to lower-income households who have been financially impacted by COVID-19 (job loss, furlough, COVID medical expenses). Applicants will be selected from the LB Cares waiting list through a special lottery. The program will include a streamlined self-certification approval process requiring very little documentation. The program will also require the household to provide a 50 percent matching rent payment (50 percent of the amount provided by the City). Serves 215 households.	Funds used to assist LB Cares Waitlist Applicants with repayment match component (Approximately 645 on LB Cares Wait List).
4	Commercial Rental Assistance (CDBG Eligible Areas - Area Benefit) <b>(Requested by City Council on June 23, 2020).</b>	1,000,000	\$4,000 one-time rental assistance payment for COVID-impacted businesses that have been forced to close due to the County/Long Beach Health Order. Businesses must be located in a CDBG-Eligible Area. Applications will be submitted electronically and reviewed through Zoom Grants. Serves 250 businesses.	To assist service businesses closed by Health Order, such as Bars, Restaurants, Hair and Nail Salons, and Non-Corporate Gyms (for example)
5	Lower-Income Artist Assistance <b>(Requested by City Council on November 17, 2020).</b>	550,000	Partner with Arts Council for LB to provide \$3,000 grants to low-income artists impacted by COVID 19 (serves 150). \$450,000 goes to artists/\$100,000 goes to Arts Council for implementing and materials/supplies (program delivery).	Arts Council is Subgrantee.
6	Enhancing Fair Housing Foundation Eviction Assistance	40,000	Intensified assistance due to COVID rent payment and eviction issues.	
7	Eviction Assistance Advertising	40,000	Advertising for Right to Counsel Program.	
<b>TOTAL</b>		<b>4,585,285</b>		