



Administrative Report

L.1., File # 20-1828

Meeting Date: 1/5/2021

To: MAYOR AND CITY COUNCIL

From: LAURIE KOIKE, INTERIM COMMUNITY SERVICES DIRECTOR

TITLE

PUBLIC HEARING TO CONSIDER SUBSTANTIAL AMENDMENTS TO THE 2019-2020 AND 2020-2021 ANNUAL ACTION PLANS FOR REALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS AND ALLOCATION OF CDBG-CV3 FUNDS

PROCEDURES:

- a. Open Public Hearing, take testimony; and
- b. Close Public Hearing; and
- c. Approve the proposed substantial amendment to the 2019-2020 and 2020-2021 annual action plans

EXECUTIVE SUMMARY

As previously advised, the City of Redondo Beach will be granted an additional \$453,481 in CDBG-CV funds through the Coronavirus Aid, Relief, and Security Act (CARES Act). This allocation is in addition to a previous allocation of \$168,393 that the City Council directed to reimburse various City and local service agency expenses caused by the Pandemic. CDBG-CV funds is a HUD-given (US Housing and Urban Development Department) grant which may solely be used to prepare, prevent, and respond to the infectious disease.

This item follows the October 6, 2020 City Council meeting where the Council in anticipation of the additional CDBG funds provided general direction on planned uses. A public hearing is required by HUD before amendments to the annual CDBG action plans can be executed.

BACKGROUND

The CARES Act was approved and enacted on March 27, 2020 due to the spread of COVID-19. HUD recognized the impacts of the pandemic and will be providing the City with additional CDBG-CV funds to assist affected residents and City Staff. The City previously received \$168,393 in CDBG-CV1 funds from HUD and has been informed that the City will receive a secondary distribution of \$453,481 in CDBG-CV3 funds. In addition, HUD has granted the City with waivers and suspensions to certain Community Development Block Grant (CDBG) funds. The purpose of these waivers is to maximize the available amount of funds that may be used for those impacted by COVID-19.

The primary purpose of the Housing and Urban Development (HUD) CARES Act CDBG-CV funding is for those activities carried out to prevent, prepare for, and respond

to the coronavirus pandemic. The CARES Act identifies four general categories for eligible activities. These categories are as follows:

- Assist public services with the increase in demand for service
- Economic development and microenterprise business assistance
- Public facilities enhancement to support infectious disease treatment
- Conversion of private buildings to housing

Eligible activities for CDBG-CV3 funding allocations may be considered for costs that were incurred on or after January 21, 2020 (the date the CDC confirmed the first case of coronavirus in the United States). The CDBG-CV3 funds may be allocated by the City through 2025; eighty (80%) percent of the entitlement must be expended by the end of the third year of the performance period, or by December 31, 2023.

At the October 6, 2020 City Council meeting, members of the City Council approved the allocation of the additional CDBG-CV3 funds. Through the CARES Act, the City will allocate an additional \$453,481 in CDBG-CV3 funds to assist businesses, residents and City staff to respond, prepare for and prevent the spread of COVID-19. Proposed activities and the expected amounts are listed below:

- ***Homeless Assistance***

Creation and management of temporary emergency shelters for individuals and families experiencing homelessness, including operations, security, food, maintenance, furnishings, utilities, and human services for counseling, housing navigation, etc.

- Amount Allocation: \$300,000

- ***Economic Development Activities***

Mitigation of economic disruptions caused by stay at home orders and social distancing requirements by providing short-term assistance to small businesses for retention of jobs held by low and moderate-income persons. Funds could be used for rent assistance, utility assistance or purchase of materials or construction assistance required to reopen. Funds were allocated to the Artesia/Aviation Commercial Corridor, Riviera Village and Citywide Businesses.

- Amount Allocation: \$110,000

- ***Planning and Administrative Costs***

HUD has also recognized increased costs and services to combat an infectious disease will also lead to increased administrative costs. Therefore, the City will allocate additional funds for increased planning and administrative costs.

- Amount Allocation: \$43,381

It is important to note the recipients of any CDBG-CV funding address needs that have not been covered by other sources of financial assistance, such as the Payroll Protection Program (PPP) or the Economic Injury Disaster Loans (EIDL). Because there is a large amount of financial assistance

to small businesses available, grantees must have procedures to prevent the duplication of benefits between various programs. Grantees are required to carefully document the distribution and use of funds to satisfy the statutory purposes of the CARES Act.

Additionally, and separate from the \$453,481 of new CDBG-CV3 funds, the City with these proposed amendments is reallocating regular (and previously unallocated) CDBG Program funds to add a new program to the 2020-2021 Annual Action Plan. Swami House Intl. is being added to the Annual Action Plan to assist with housing the homeless in Redondo Beach.

- o Amount Allocation: \$30,000

COORDINATION

The Community Services Department staff will coordinate with the City's CDBG consultant and Financial Services Departments. This report was prepared by the Community Services Department in coordination with the office of the City Manager, the Financial Services Department and the City's CDBG consultant, Michael Baker International.

FISCAL IMPACT

The CDBG-CV entitlement amount of \$453,481 is subject to a reporting and reimbursement structure with HUD. The City would be required to allocate funds from internal sources and then submit documentation for reimbursement under the entitlement grant. As a separate matter, the City has Unallocated Funds from its regular CDBG allocations available totaling \$75,000. These funds are from previous year activities that were unexpended. \$30,000 of these funds are being requested to be reallocated at this time. The remaining \$45,000 of unallocated funds will be included with the 2021-2022 Annual Action Plan.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Redondo Beach Substantial Amendment
Public Hearing Notice - Beach Reporter