



## Legislation Text

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Staff Report for the City of San Leandro Public Hearing on the Proposed Amendments to the U.S. Department of Housing and Urban Development (HUD) (1) FY 2015-2020 Five-Year Consolidated Plan, (2) FY 2019-2020 Annual Action Plan & (3) Citizen Participation Plan

### **SUMMARY AND RECOMMENDATIONS**

Staff recommends the City Council hold a public hearing tonight to review the draft amendments to the following three documents and direct staff to publish the draft amendments: (1) FY 2015-2020 Five-Year Consolidated Plan, (2) FY 2019-2020 Annual Action Plan & (3) Citizen Participation Plan; solicit public comment for a 5-day period (June 2 - June 7, 2020), and set a public hearing for June 15, 2020 to consider final approval of the Amendments to these proposed documents. The City will also consider on June 15, 2020 the final version of the FY2020-2025 Five-Year Consolidated Plan and FY2020-21 Annual Action Plan, which the City Council reviewed as drafts on March 16, 2020.

### **BACKGROUND**

The City of San Leandro is an entitlement grantee of Community Development Block Grant (CDBG) funds from the Federal Department of Housing and Urban Development (HUD). In order to receive its annual CDBG grant allocation, the City must update its Consolidated Plan every five years and submit an Action Plan to HUD. In response to the Coronavirus Pandemic (COVID-19), the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136 was adopted and authorized on March 27, 2020. As a result, HUD awarded the City of San Leandro \$451,972 in Community Development Block Grant-Coronavirus (CDBG-CV) stimulus funds to prevent, prepare for, and respond to COVID-19. There are three major goals identified for the funds under the Housing and Community Development Act from which the CDBG Program originated:

- Provide decent housing;
- Provide a suitable living environment; and
- Expand economic opportunity.

In addition, CDBG funds must be used to meet one of three national objectives:

- 1) benefit low- and moderate-income persons;
- 2) aid in the prevention of slum and blight; or
- 3) meet an urgent need.

Given that all CDBG-CV activities must still meet one of three National Objectives of the CDBG Program noted in the current FY2015-2020 five year Consolidated Plan document, the City must document COVID-19 as an Urgent Need National Objective. In order to do this, an Urgent Need Certification must be provided to HUD with the current five year Consolidated Plan and Annual Action Plan for the year of the Urgent Need activities. Documentation and evidence the City certified that the

CDBG activity was designed to address the urgent need must be maintained as part of the permanent CDBG records for all applicable activities. See Attachment B: City of San Leandro Justification of Urgent Need.

## **Analysis**

In response to the Coronavirus Pandemic (COVID-19), the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136 was adopted and authorized on March 27, 2020. As a result, the U.S. Department of Housing and Community Development (HUD) awarded the City of San Leandro \$451,972 in Community Development Block Grant-Coronavirus (CDBG-CV) funds to prevent, prepare for, and respond to COVID-19. The CARES Act allows for reimbursement of costs incurred prior to the date of enactment of this legislation in addition to removal of the spending caps normally in place for Public Services expenditures as long as those costs are in response to COVID-19. (Note that the removal of the Public Services expenditure caps are only allowed for the 2019-2020 and 2020-2021 Annual Action Plan Program Years.) Additionally, the CARES Act allows HUD to waive or specify alternative requirements to expedite distribution of funding in response to COVID-19.

Soon after the signing of the CARES Act, HUD issued guidance that allows cities to shorten the public comment period for amending prior 5-Year Consolidated Plans or Annual Action Plans to maximize the use of CDBG and CDBG-CV funds allocated to entitlement jurisdictions. HUD has also required CDBG grantees to make specific administrative changes to their federally mandated Citizen Participation Plans. CDBG grantees like San Leandro established their Citizen Participation Plans, which outline public procedures related to the use of CDBG funds (such as how localities will outreach to the public, the number of public hearings to hold, and how to define a substantial amendment) since federal HUD Consolidated Planning regulations were adopted in the mid-1990s.

On April 13, 2020, the City of San Leandro received a waiver that permits a reduced period for public noticing and public comment on this amendment to the 2019-2020 Annual Action Plan for the period of July 1, 2019 to June 30, 2020. The City is taking this opportunity to re-allocate prior year unspent CDBG funds for Americans with Disabilities Act (ADA) Transition Plan improvements to City facilities and program new stimulus funding, CDBG-CV, towards COVID-19 emergency services. The City may also allocate additional funds as they are available.

The Amendments to the City of San Leandro's 5-Year Consolidated Plan for FY 2015-2024, the FY 2019-2020 Annual Action Plan and the Citizen Participation Plan are necessary to allocate HUD resources to address COVID-19 and its related impacts. Additionally, it will identify how the City plans to use available funds by updating its annual goals and objectives and the related projects targeted for funding to address COVID-19.

## **Proposed Amendments to the Consolidated Plan for FY 2015-2019**

The proposed amendments to the City of San Leandro's 5-Year Consolidated Plan for FY 2015-2024 are located mainly in the following sections (see full detail in Attachment C):

PR-05 Lead & Responsible Agencies  
PR-10 Consultation  
PR-15 Citizen Participation  
NA-05 Needs Assessment Overview

MA-65 Hazard Mitigation  
SP-25 Priority Needs  
SP-35 Anticipated Resources  
SP-45 Goals

### Proposed Amendments to the FY 2019-2020 Annual Action Plan

The proposed amendments to the City of San Leandro's FY 2019-2020 Annual Action Plan are located mainly in the following sections (see full detail in Attachment D):

Summary of Citizen Participation  
AP-10 Consultation  
AP-12 Participation  
AP-15 Expected Resources  
AP-20 Annual Goals and Objectives  
AP-35 Projects  
AP-38 Project Summary

### Proposed CDBG-Funded Added Public Service Activities - FY 2019-2020 Action Plan

The main changes to the proposed CDBG-funded activities in the FY 2019-2020 Action Plan are in the Public Services category. Based on City Council guidance since the Bay Area shelter in place orders began on March 17, 2020, staff recommends increases to public services related to the following critical and basic needs for primarily lower income households severely impacted by this public health crisis: food supply/distribution, mental health services, domestic violence services and rental housing payment relief/assistance.

While HUD temporarily streamlined CDBG public noticing and comment requirements to address COVID-19 for this and the next fiscal years, it has not eased cumbersome programmatic administrative requirements for distributing CDBG funds. To efficiently and effectively distribute CDBG-CV and available FY2019-2020 CDBG funds, City staff made its public service funding increase recommendations based on the following criteria for eligible nonprofits: 1) has experienced or is anticipating increased service demand related to food supply/distribution, mental health counseling, domestic violence services, 2) has been publicly vetted under the current two year FY 2019-2021 Community Assistance Program (CAP) grant funding cycle, and/or 3) has capacity and experience to comply with federal CDBG administrative requirements.

Regarding the proposed Rental Assistance Program, which will be new for the City and will provide up to 3 months of rent relief/assistance to income eligible renters impacted by COVID-19, the Housing Services Division issued a Request for Proposal (RFP) for qualified nonprofits to administer the new program. Staff will bring forward the recommended nonprofit administrative contracts to the City Council in late June/early July.

A summary of the proposed Amendment to FY 2019-2020 CDBG funding allocations by funding category is summarized with funding amounts in Attachment A. Given the removal of the Public Service funding cap, the City will increase its current FY 2019-2020 commitment of \$111,441 to \$603,413 of its annual CDBG allocation toward Public Services. (Note: On June 15, staff will also recommend additional CDBG funding for other public service providers in the FY2020-2021 Annual

Action Plan to address priority needs described above related to COVID-19.)

<u>Agency/Project Name</u>	<u>Approved FY19-20</u>	<u>Proposed FY19-20 Increase</u>
CALICO/Youth Domestic Violence	\$22,000	\$0
Davis Street Family Resource Center/Basic Needs & Mental Health	\$42,941	\$0
SOS/Meals on Wheels	\$29,000	\$15,000
Spectrum Community Services/ Senior Meal Program	\$17,500	\$25,000
Rental Assistance Program	<u>NA</u>	<u>\$451,972</u>
<b>TOTAL</b>	<b>\$111,441</b>	<b>\$603,413</b>

### **Amendments to the Citizen Participation Plan**

The main changes to the Citizen Participation Plan are summarized in Attachment E and contain the following elements.

- Allows for virtual hearings in the event of federal, state or local authorities' social distancing orders that limit public gatherings for public health reasons;
- Affirmation that, to the greatest extent possible, virtual hearings will appropriately accommodate those members of the public with physical challenges and/or limited English proficiency;
- Language specifically referencing HUD waiver obtained by the City of San Leandro that provides for a 5-day review/comment period for funding related to COVID-19 response;
- Added language for the Citizen Participation requirements in the event of a disaster/emergency;
- Added language in the Urgent Needs section that describes activities that the City of San Leandro could take to address a similar future event;
- Administrative updates added in track changes format to allow for grammatical and/or structural edits that do not substantially change the scope or meaning of the activities covered in the document.

### **Current Agency Policies**

Current City Council Policy is defined by the FY 2015-2019 Consolidated Plan, adopted by Resolution No. 2015-208 on April 20, 2015 and the FY 2019-2020 Annual Action Plan, adopted by Resolution No. 2019-075 on May 6, 2019. The draft FY 2020-2024 Consolidated Plan that had a first public hearing on March 16, 2020 will eventually replace the FY 2015-2019 Plan.

## **Applicable General Plan Policies**

The HUD Five-Year Consolidated Plan addresses the goals of the Housing Element of the General Plan, such as increasing the supply of affordable for-sale and rental housing, providing opportunities for home ownership, preserving and rehabilitating existing affordable owner-occupied and rental housing, and addressing populations of particular need.

## **Environmental Review**

If applicable, National Environmental Protection Act (NEPA), review will be conducted for each project or activity approved by the City Council. Neither NEPA nor CEQA apply to the FY 2015-2019 Consolidated Plan and FY 2019-2020 Action Plan.

## **Summary of Public Outreach Efforts**

The Amendment to the City's Citizen Participation Plan is specifically in response to accommodations provided by the CARES Act to allocate funding as quickly as possible in response to COVID-19. One of the amendments to the Citizen Participation Plan allows for reduced requirements for notices of public hearings (including partial translations in Spanish and Chinese) and availability of the proposed Substantial Amendments to the 2015-2019 Consolidated Plan and FY 2019-2020 Annual Action Plan. As a result, there will only need to be a 5 day comment period. A Public Notice of this Public Hearing and the Public Comment Period was published in the East Bay Daily Review on May 22, 2020 and sent to a mailing list of those who have expressed interest in the City's CDBG funding activities. Due to the Alameda County Shelter In Place Order, summaries of the proposed amendments to the 2015-2020 Consolidated Plan, the FY 2019-2020 Annual Action Plan, and the Citizen Participation Plan will be available for review on the City's website ( <http://www.sanleandro.org/depts/cd/housing/plans.asp>) or the Library website ( <https://www.sanleandro.org/depts/library/default.asp>).

## **Fiscal Impacts**

Per Attachment A, the City has a total of \$2,068,744 in CDBG funds in FY2019-20 including the original FY2019-2020 entitlement grant amount of \$707,517, new \$451,972 CDBG-CV funding and over \$500,000 in unspent CDBG funds for prior year City ADA Transition Plan improvements to City facilities to fund the enhanced public service projects/programs described above in "Proposed CDBG -Funded Added Public Service Activities - FY 2019-2020 Action Plan."

HUD typically enters into contract with the City for CDBG grant funding. The grant is paid on a reimbursement basis after expenditure by the City for activities designated in the FY 2019-2020 Annual Action Plan.

## **Budget Authority**

Budget authority for CDBG funds is derived from Title I of the Housing and Community Development Act of 1974 (24 CFR 570 et. seq.) and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136 that was adopted and authorized on March 27, 2020.

**Attachments to Staff Report**

- Attachment A: Draft of Amended FY 2019-2020 CDBG and HOME Fund Allocations
- Attachment B: City of San Leandro Justification of Urgent Need
- Attachment C: Summary of Amendments to the Consolidated Plan for FY 2015-2019
- Attachment D: Summary Amendments to the FY 2019-2020 Annual Action Plan
- Attachment E: Summary Amendments to the Citizen Participation Plan

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