

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, HOUSING AND COMMUNITY SERVICES
MANAGER
HOUSING & COMMUNITY SERVICES
SUBJECT: SUBMITTAL OF A SUBSTANTIAL AMENDMENT TO THE FISCAL
YEAR 2019/2020 ACTION PLAN, ACCEPTANCE AND
APPROPRIATION OF ADDITIONAL FUNDS ALLOCATED TO
THE CITY OF SANTA ROSA UNDER THE CORONAVIRUS AID,
RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT), AND
ESTABLISH COVID-19 RENTAL ASSISTANCE PROGRAM

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Council, by resolution: (1) approve and authorize submittal of the Substantial Amendment to the Fiscal Year 2019/2020 Action Plan to reprogram Community Development Block Grant and Home Investment Partnership funds; (2) authorize the City Manager to execute all agreements and amendments to the City's federal HOPWA and CDBG funds along with any additional documents required by HUD to implement the CARES Act funding; (3) authorize the Director of Housing & Community Services to execute an amendment to the 2019/2020 Grant Agreement for Housing Opportunities for Persons with AIDS (HOPWA) Funds with Face to Face to incorporate the additional CARES Act funding; (4) authorize the Director of Housing & Community Services to execute professional services and grant agreements required to carry out the public services needed to expend the Community Development Block Grant (CDBG) and Community Development Block Grant – Coronavirus (CDBG-CV) funds allocated for these services; and (5) appropriate additional Housing Opportunities for Persons with AIDS (HOPWA) funds in the amount of \$65,180 and Community Development Block Grant – Coronavirus (CDBG-CV) funds in the amount of \$859,608, both as allocated to Santa Rosa under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

EXECUTIVE SUMMARY

The proposed action will authorize submittal of the Substantial Amendment to the Fiscal Year 2019/2020 Action Plan (Plan) to the U.S. Department of Housing & Urban Development (HUD) to reprogram existing federal funds to the City's COVID-19

response; accept and appropriate additional Housing Opportunities for Persons with AIDS (HOPWA) funds in the amount of \$65,180 and Community Development Block Grant – Coronavirus (CDBG-CV) funds in the amount of \$859,608, as allocated to Santa Rosa under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); and approve an amendment to the City's Grant Agreement with its HOPWA service provider for use of the allocated HOPWA funds. Approval of this action will allow rapid deployment of the City's existing CDBG and new CDBG-CV funds for public services providing new and expanded support services associated with the COVID-19 response for low-income households, the City's additional HOPWA allocation for enhanced HOPWA services, and the use of the City's existing HOME funding for Rental Assistance to eligible households that are impacted by COVID-19.

PRIOR CITY REVIEW

On May 7, 2019, via Resolution 2019-053, the Council approved submittal of the Fiscal Year 2019/2020 Action Plan and approved the Grant Agreements for 2019/2020 for public services, fair housing, and HOPWA.

BACKGROUND

1. The illness known as COVID-19, or Coronavirus, was first diagnosed in the United States in mid-January 2020, and on January 31, 2020, the White House declared a public health emergency. COVID-19 spread throughout the United States in February and March.
2. In response to the national public health emergency, the Sonoma County Public Health Officer issued a countywide Shelter-in-Place Order effective March 17, 2020. The State of California Public Health Officer then issued a statewide Shelter-in-Place Order effective March 19, 2020.
3. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The CARES Act provides funds to HUD grantees to allow them to respond to the growing effects of the COVID-19 public health crisis through prevention, preparation, and responsiveness to Coronavirus.
4. As a HUD entitlement jurisdiction, the City of Santa Rosa received an additional Community Development Block Grant allocation of \$859,608. To differentiate it from the annual CDBG allocation, this additional allocation is referred to as CDBG-CV. In addition, the City received an additional \$65,180 in Housing Opportunities for Persons with AIDS (HOPWA) funds.
5. In association with the additional CARES Act funding, HUD issued a variety of waivers to its grantees to provide additional flexibility: the public comment period was reduced to not less than five (5) days, the use of virtual public meetings when

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necessary is allowed while public health officers are recommending social distancing and limits to public gatherings for public health reasons, and the public services cap of 15% of CDBG funds is suspended.

6. HUD has also provided additional guidance and waivers to assist in reprogramming existing HOME Investment Partnership (HOME) funds to assist with residents' housing needs. The Shelter-in-Place Orders and cessation of certain businesses determined to be non-essential have resulted in many residents being furloughed or laid off from their places of employment and therefore being unable to maintain payment for housing costs, therefore, the City plans to utilize the balance of its 2019/2020 HOME allocation to provide Tenant-Based Rental Assistance (TBRA) to income eligible households.
7. A Substantial Amendment to the City's adopted Fiscal Year 2019/2020 Action Plan is required before the City can utilize the additional CARES Act funding and shift the use of HOME funds from one eligible activity, housing production, to other eligible activities, Rental Assistance and public services.
8. The draft Substantial Amendment to the Fiscal Year 2019/2020 Action Plan and notification of the five-day public comment period was posted on the City's website on May 5th. Any comments received up to and at this meeting will be included in the Substantial Amendment.

ANALYSIS

1. The funding strategy presented in the draft Substantial Amendment utilizes the following:
 - a. The balance of Fiscal Year 2019/2020 HOME Investment Partnership (HOME) funds, \$775,547, has been re-allocated from housing production to use as Tenant-Based Rental Assistance (TBRA) and associated administration to assist low- income residents to meet their rent payments since the Shelter-in-Place order and cessation of certain businesses has resulted in many residents being furloughed or laid off and therefore being unable to maintain payment for housing costs;
 - b. The balance of Fiscal Year 2019/2020 CDBG funds, \$472,405, has been re-allocated to be used in combination with the CDBG-CV funds, \$859,608, as public services funds that will provide additional support to persons experiencing homelessness; and
 - c. The additional HOPWA funding, \$65,180, provided by the CARES Act will be utilized to fund a Grant Agreement Amendment with Face to Face, the City's

HOPWA service provider, to maintain and enhance HOPWA operations including rental assistance, supportive services, and other necessary actions in order to prevent, prepare for, and respond to Coronavirus. The additional HOPWA funding may not be used for new activities but only to enhance or expand existing activities. Under the CARES Act, the City will retain six percent (6%) of the allocation for administrative purposes.

2. The public comment period on the draft Substantial Amendment ran from May 5 to May 12, 2020.

FISCAL IMPACT

Via the CARES Act, approval of this action will appropriate \$65,180 in additional HOPWA funding provided by HUD into Fund 2282 (Housing Grant Fund) ; and \$859,608 in CDBG-CV funding provided by HUD into Fund 2280 (Community Development Block Grant Fund) .

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 - Correspondence
- Resolution/Exhibit A (Agreement)
- Exhibit B - Substantial Amendment to the Fiscal Year 2019/2020 Action Plan

CONTACT

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