



CITY OF MENIFEE

SUBJECT: Community Development Block Grant Program Substantial Amendment to Prior Year 2019/2020

MEETING DATE: February 17, 2021

TO: Mayor and City Council

PREPARED BY: Edna Lebron, Senior Management Analyst

REVIEWED BY: Cheryl Kitzerow, Community Development Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Conduct a Public Hearing; and
2. Adopt a Resolution approving the Substantial Amendment to Plan Year (PY) 2019/2020 Annual Action Plan and voiding the Substantial Amendment to PY 2020/21 as adopted December 16, 2020; and
3. Adopt a Resolution authorizing an increase in revenue and appropriation of expenditures in the amount of \$404,459 to accounts identified in the Fiscal Impact for Fiscal Year 2020/21.

DISCUSSION

The City Council previously approved a Substantial Amendment to the PY2020/2021 Annual Action Plan for the allocation of CDBG-CV3 funds. Staff recently received additional guidance from the U.S. Department of Housing and Urban Development (HUD) that all CDBG-CV funds (CV1 and CV3, described below) should be included in the same fiscal year (2019/2020). As such, this item is an administrative correction. No changes to funding amounts or program activities are proposed.

HUD requires all entitlement communities receiving Community Development Block Grant (CDBG) funds, such as the City of Menifee, to prepare and submit a Consolidated Plan every five years to establish a unified, strategic vision for economic development, housing and community development actions. The Consolidated Plan encompasses the analysis of local community needs and coordinates appropriate responses to those needs and priorities. The Menifee City Council adopted the current 2017-2021 Five Year Consolidated Plan on May 3, 2017.

The Consolidated Plan is carried out through Annual Action Plans which provides a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan. The City must submit an Annual Action Plan to HUD no later than May 15 of each year during the five-year period. The Menifee City Council adopted the 2019/2020 Action Plan on April 3, 2019.

Per the City's Citizen Participation Plan, a Substantial Amendment to an Annual Action Plan is required when a "substantial" change is proposed, which includes:

- The addition of a new activity or priority;
- A change in the nature of an activity, its location, or its target population; or
- A change of more than 50 percent in the amount of funds allocated to an activity.

On September 11, 2020, HUD's Office of Community Planning and Development (CPD) posted the third (final) round allocations of \$1.988 billion from the \$5 billion supplemental Community Development Block Grant funds (CDBG-CV) Congress appropriated by the CARES Act. The second round of \$1 billion was announced on May 11 and allocated directly to states. The Substantial Amendment is drafted with the guidance from HUD that has been available, including that the CDBG-CV3 funds allocated under the CARES Act must be used for preparation for, prevention of, and response to COVID-19.

Substantial Amendments are required to follow the City's Citizen Participation Plan, which, under normal circumstances, requires a public comment period for the Substantial Amendment of 30 days. However, to more quickly implement the funds and activities of the CDBG-CV, HUD has waived that requirement, with amendment to the City's Citizen Participation Plan, reducing the public comment period to five days.

The City of Menifee will receive \$404,459 in Community Development Block Grant-Coronavirus (CDBG-CV3) funding. A Substantial Amendment to the 2019/2020 Annual Action Plan is required. A Substantial Amendment has been prepared reflecting the proposed projects/activities for the CDBG-CV3 program.

On December 2, 2020, a Public Hearing was held, no public comments were received, and City Council accepted the allocation of \$404,459 in the CDBG-CV3 funds and approved the proposed Substantial Amendment to the PY2020/2021 Annual Action Plan, incorporating recommended use of CDBG-CV3 funds to the following activities:

- \$50,000 for Public Service Food Activities that will assist with meal expenses and operating costs for food bank, local city agency, Community-Based Organization and other food delivery organization.
- \$254,459 for Public Service Rental & Mortgage Assistance that will provide financial assistance grant to eligible low-income households that have been affected by the COVID-19 pandemic.
- \$20,000 for Public Service Boys & Girls Club that will provide support, equipment, supplies, and materials necessary to assist with education support.

- \$70,000 for Other Public Service as needed.
- \$10,000 for Administrative cost (e.g. Consultant/Program administration)

Per HUD's recent guidance, all CDBG-CV tranches are to be under one fiscal year, therefore removing CDBG-CV3 funds from PY20/21 and allocating into PY19/20.

STRATEGIC PLAN OBJECTIVE

Responsive and Transparent Community Government

FISCAL IMPACT

The fiscal impact resulting from acceptance of the CDBG-CV3 will result in an increase of \$404,459 in grant revenue to account 481-3845 and an increase in expenditures appropriation to the Fiscal Year 20/21 budget to the following accounts:

Account Number (Description)	Amount (\$)
481-1920-57100 (Public Services – CV3)	\$394,459
481-1920-57110 (Admin – CV3)	\$10,000
TOTAL:	\$404,459

All expenditures related to CDBG-CV3 adopted and approved project/activities will come from HUD PY2019/2020 CDBG-CV3 allocation to the City of Menifee. The corresponding budget adjustment Resolution for recognizing of the corresponding revenue and expenditures is attached for adoption.

ATTACHMENTS

1. Substantial Amendment Resolution
2. Substantial Amendment to PY19/20 for CDBG-CV3
3. Budget Amendment Resolution