

# Community Development Block Grant (CDBG)

## Substantial Amendment #3: 2019 Annual Action Plan (Including CDBG-CV19)



## **Introduction**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was created on March 27, 2020, to respond to the growing effects of this historic public health crisis. In response to COVID-19, the US Congress authorized the Department of Housing and Urban Development (HUD) to provide supplemental Community Development Block Grant (CDBG) funding to entitlement communities. This supplemental funding is known as Community Development Block Grant Covid-19 (CDBG-CV).

CDBG-CV is designed to be used for the prevention, preparation, and response to the impacts of COVID-19. The funds have been distributed nationally in accordance to the most recent formula that HUD uses which includes an entitlement community's – percentage of poverty, age of housing, and population factors.

This document contains information related to the proposed amendment to the 2019 Community Development Block Grant (CDBG) program Annual Action Plan (AAP). This is the third amendment to the 2019 AAP. Each of the previous amendments have been approved by the Department of Housing and Urban Development (HUD).

HUD has informed the City that it is providing **\$775,837** in CDBG-CV resources. As required, the City is amending its FY 2019 Annual Action Plan to incorporate the additional CARES Act CDBG-CV funding.

## **Purpose**

The HUD waivers applicable to this amended Annual Action Plan include:

### **Citizen Participation Public Comment Period for Consolidated Plan Amendment**

- a. Explanation: A CPD grantee may amend an approved consolidated plan in accordance with 24 CFR 91.505. Substantial amendments to the consolidated plan are subject to the citizen participation process in the grantee's citizen participation plan. The citizen participation plan must provide citizens with 30 days to comment on substantial amendments.
- b. Justification: Given the need to expedite actions to respond to COVID-19, HUD waives 24 CFR 91.105(c)(2) and (k), 91.115(c)(2) and (i) as specified below, in order to balance the need to respond quickly to the growing spread and effects of COVID-19 with the statutory requirement to provide reasonable notice and opportunity for citizens to comment on substantial amendments concerning the proposed uses of CDBG, HOME, HTF, HOPWA or ESG funds.
- c. Applicability: This 30-day minimum for the required public comment period is waived for substantial amendments, provided that no less than 5 days are provided for public comments on each substantial amendment. The waiver is available through the end of the recipient's 2020

program year. Any recipient wishing to undertake further amendments to prior year plans following the 2020 program year can do so during the development of its FY 2021 Annual Action Plan.

#### **Citizen Participation Reasonable Notice and Opportunity to Comment**

- a. Explanation: As noted above, the regulations at 24 CFR 91.105 (for local governments) set forth the citizen participation plan requirements for recipients. For substantial amendments to the consolidated plan, the regulations require the recipient to follow its citizen participation plan to provide citizens with reasonable notice and opportunity to comment. The citizen participation plan must state how reasonable notice and opportunity to comment will be given.
- b. Justification: HUD recognizes the efforts to contain COVID-19 require limiting public gatherings, such as those often used to obtain citizen participation, and that there is a need to respond quickly to the growing spread and effects of COVID-19. Therefore, HUD waives 24 CFR 91.105(c)(2) and (k), 24 CFR 91.115(c)(2) and (i) and 24 CFR 91.401 as specified below to allow these grantees to determine what constitutes reasonable notice and opportunity to comment given their circumstances.
- c. Applicability: This authority is in effect through the end of the 2020 program year.

#### **Annual Action Plan Amendment Consultation Process**

- Public Comment Period – May 18-22, 2020
- Public Comment with Federal Programs Staff – May 20, 2020
- Public Hearing – May 26, 2020

#### **Summary of public comments**

**To be completed after the May 22, 2020 comment period ends.**

#### **Summary of comments or views not accepted and the reasons for not accepting them**

**To be completed after the May 22, 2020 comment period ends.**

The purpose of this amendment is to describe the City's proposed change in funding use for the program year 2019 CDBG, including CDBG-CV resources. The proposed amendments consist of:

- (1) Program Income (PI) not previously allocated; and
- (2) Reallocation of unspent funds from delayed projects and not previously described in an action plan.

Funds are being transferred to eligible activities that can be spent in a timely manner to address COVID related projects/programs, which are feasible, meet federal objectives and the priorities of low- to moderate-income residents in our jurisdiction.

### **Project Selection**

The Consolidated Plan addresses three objectives and three outcomes defined by HUD, through the Community Planning and Development performance measurement framework, to address the needs of the community. The following are the three performance objectives and three outcomes:

#### **Objectives**

- Decent Housing
- Suitable Living Environment
- Economic Opportunities

#### **Outcomes**

- Availability/Accessibility
- Affordability
- Sustainability

The Federal Programs Division utilizes the above objectives and outcomes to determine the eligibility of programs and projects proposed as a part of this amendment process.

### **Amendment #3 to the 2019 Annual Action Plan**

- Reallocate **\$451,960** in 2019 CDBG entitlement funding, previously awarded to the Salem Housing Authority (SHA) for rehabilitation of Yaquina Hall. The resources will be used to address COVID related actions. The need for affordable housing remains a high priority. Program year 2021 CDBG resources will be used for the Yaquina Hall project.
- Allocate **\$73,040** in undesignated resources to address COVID related actions.
- Allocate **\$775,837** in newly allocated CDBG COVID-19 (CDBG-CV) funding.

The combined CDBG resources available for this amendment is **\$1,300,837**. The specific program uses are provided below:

- **City of Salem – Program Administration** **\$155,167**
- **Emergency Mortgage Assistance Program - \$100,000** Salem Housing Authority

COS is proposing to use \$100,000 of CARES Act 2019 Supplemental Funding for up to three months of COVID-related mortgage payments to low-income households. The program will specifically assist those persons unable to afford their mortgage due to the COVID-19 Pandemic.

- **Micro-Business Assistance Program - \$200,000** Willamette Workforce Partnership

In addition to the general goal of assisting micro-businesses avoid closure due to reduction in revenue eligible activities include lease payments, utilities, insurance and unanticipated costs associated with COVID-19. The cost includes mandated social distancing and increased cleaning requirements, protective personal equipment, and increased payments for front line staff. CDBG assistance is designed to mitigate the spread of COVID-19. All grants will be evaluated using equity criteria to ensure hardest hit and underserved populations are prioritized.

- **Meals on Wheels - \$86,773** Marion Polk Food Share

Meals on Wheels is a community-based program dedicated to addressing senior isolation and hunger. This powerful network of staff and volunteers deliver nutritious meals, daily visits and safety checks to seniors.

- **Rental / Utility Assistance Programs - \$325,000**

COS is proposing to use \$325,000 of CARES Act 2019 Supplemental Funding for up to three months of COVID-related rental arrears to low-income households. The program will specifically assist those persons unable to afford their housing due to the Covid-19 Pandemic that are not currently assisted by other Federal, State, and local Emergency Rental Assistance Program or other local and federal project- and tenant-based rental assistance efforts. Subrecipients:

- Seed of Faith Ministries - \$100,000
- Mano A Mano - \$75,000
- Salem Housing Authority - \$100,000
- IBC (Island Boy Camp) - \$50,000

Balance of CDBG COVID-19 resources will be allocated based upon future recovery and response needs - **\$433,897**

Should the proposed projects result in unspent, uncommitted funds this Amendment will be revised and presented again to the public, Community Services and Housing Commission and City Council for review and reconsideration.