



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** NOVEMBER 12, 2024

**DEPARTMENT:** COMMUNITY DEVELOPMENT

**FROM:** LISA BRINTON, COMMUNITY DEVELOPMENT DIRECTOR

**THROUGH:** VINCENT MONTGOMERY, PLANNING MANAGER

**BY:** CRISTINA GONZALEZ, COMMUNITY DEVELOPMENT ANALYST  
FRANCISCO BRAMBILA, MANAGEMENT ANALYST

**TITLE:** FIFTH SUBSTANTIAL AMENDMENT TO UNITED STATES  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FY  
2019-2020 ANNUAL ACTION PLAN

### **RECOMMENDED MOTION:**

A motion to approve a Resolution authorizing:

1. the submission of a Fifth Substantial Amendment to the Fiscal Year (FY) 2019-2020 Annual Action Plan (AAP) after incorporating any necessary modifications based upon community feedback to the United States Department of Housing and Urban Development (HUD); and
2. the City Manager or designee to execute, for and on behalf of the City, any agreements and related documents for HUD funded projects and activities as outlined in the Fifth Substantial Amendment Summary to the FY 2019-2020 AAP.

### **EXECUTIVE SUMMARY:**

This Fifth Substantial Amendment (Amendment) to the FY 2019-2020 AAP proposes to reallocate additional funds in the amount of \$208,400 of Community Development Block Grant (CDBG) CARES Act (-CV) to the Economic Development Technical Assistance activity to extend the term of the Community Development Analyst – Limited Term position in the Community Development Department - Economic Development Division (Small Business Navigator) through the end of FY 2024-2025. Additionally, the Amendment will consolidate and reconcile all the City's awarded CDBG-CV funding to eligible activities.

### **BACKGROUND:**

Annually, the City as a HUD entitlement jurisdiction, is required by HUD to submit an AAP for review and approval. The AAP serves as the City's official grant application to HUD for its annual entitlement allocations of CDBG, HOME Investment Partnership Program (HOME) and Emergency Solutions Grant (ESG) funds. The AAP describes eligible projects, programs, and funding amounts for each fund source as well as a description of its relationship to objectives contained in the City's

broader five-year Consolidated Plan (Con Plan). The FY 2019-2020 AAP was submitted to HUD on June 10, 2019, and approved by HUD on August 20, 2019.

A Substantial Amendment is a formal process that a jurisdiction can exercise to modify an existing HUD approved Con Plan or AAP. Amendments are also required when seeking to fund new activities not previously identified in a Con Plan and AAP or if an increase in current activity funding or total activity beneficiaries exceeds a certain percentage threshold. Per the City's HUD approved Citizens Participation Plan, this process also requires a public notice, five-day public review period of the proposed amendment for CDBG-CV and ESG-CV activities and a public hearing.

On May 26, 2020, the City Council conducted a public hearing to approve a First Amendment to its FY 2019-2020 AAP to accept and allocate \$1,190,782 of CDBG-CV Phase 1 funding and \$617,245 of ESG-CV Phase 1 funding. Shortly thereafter, on June 9, 2020, HUD notified the City that it would receive an additional allocation of \$5,814,926 of ESG-CV Phase 2 CARES Act funding. On June 23, 2020, the City Council conducted a public hearing and approved a Second Substantial Amendment to the FY 2019-2020 AAP to allow for the receipt and compliant programming of both Phase 1 and Phase 2 CARES Act CDBG-CV and ESG-CV funds.

On September 11, 2020, HUD again notified the City of an additional \$1,209,375 in CARES Act Phase 3 CDBG-CV funding. To fully access this funding and move forward with planned projects, the City Council conducted a public hearing on January 19, 2021, and approved a Third Substantial Amendment to its FY 2019-2020 AAP.

Furthermore, on December 6, 2022, City Council approved a Fourth Substantial Amendment to include new eligible activities (ESG Rapid Rehousing/Emergency Shelter) and the modification and reconciliation of all activities and funding amounts for the City's CDBG-CV and ESG-CV allocations.

The proposed Fifth Amendment was made available for public review starting on November 2, 2024, through November 12, 2024. This item was also presented to the Housing and Land Use Committee on November 5, 2024. Additionally, this City Council meeting serves as the required public hearing process. Table 1 below lists all activities, components, and funding amounts of the proposed fifth amendment. Complete descriptions are listed in the attached Substantial Amendment Summary .

<b>Table 1: CDBG-CV Allocation</b>			
<b>Name of Organization</b>	<b>Name of Activity</b>	<b>Current Funding</b>	<b>5<sup>th</sup> Sub. Amendment</b>
City of Salinas	Administration	\$480,031	\$480,031
City of Salinas	Grow Salinas Fund – COVID-19	\$216,344	\$216,858
City of Salinas	Economic Development Technical Assistance	\$400,000	\$608,400
City of Salinas	Housing Information and Referral Services & Fair Housing	\$512,790	\$303,876
Salvation Army	Homeless Encampment Meal Deliveries	\$58,035	\$58,035
Downtown Streets Team	Salinas Downtown Streets Team	\$238,000	\$238,000
Eden Council for Hope and Opportunity	Fair Housing and Tenant/Landlord Services	\$184,000	\$184,000
Food Bank for Monterey County	Food Bank for Monterey County	\$310,957	\$310,957
<b>Total CDBG-CV Funding:</b>		<b>\$2,400,157</b>	<b>\$2,400,157</b>

The Economic Development Technical Assistance activity has been funding a Community Development Analyst - Limited Term position in the Community Development Department - Economic Development Division (Small Business Navigator) to assist small businesses access financial and technical assistance to prevent, prepare for, and respond to the coronavirus. However, existing funding only supports this position to the end of November 2024. Reallocating funds to the Economic Development Technical Assistance activity will ensure sufficient funding to extend the position to the end of FY 2024-2025. Additionally, this position would also be funded with remaining funds in the administration activity.

Reducing the Housing Information and Referral Services & Fair Housing activity would have no change on the services being provided by the City for this purpose, since sources of funding are being utilized to provide the same services.

**CEQA CONSIDERATION:**

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

**CALIFORNIA GOVERNMENT CODE §84308 APPLIES:**

No.

**STRATEGIC PLAN INITIATIVE:**

The receipt and administration of the HUD CARES Act CDBG-CV and ESG-CV funding will advance the City of Salinas Strategic Plan 2022-2025 Goals and Strategies of Public Safety, Housing/Affordable Housing, and Effective and Culturally Responsive Government.

**DEPARTMENT COORDINATION:**

The Community Development Department Housing & Community Development Division regularly coordinates and consults with the City Attorney, Finance Department, and HUD Region IX staff regarding its AAP projects, activities, and funding.

**FISCAL AND SUSTAINABILITY IMPACT:**

There is no impact to the General Fund associated with this Fifth Amendment to reallocate CDBG/CARES Act grant funds received from HUD.

Fund	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 24-25 Operating Budget Page	Last Budget Action (Date, Resolution)
NA	NA	NA	NA	NA	N/A	NA

**ATTACHMENTS:**

Resolution  
Substantial Amendment Summary