



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: JANUARY 19, 2021

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: MEGAN HUNTER, COMMUNITY DEVELOPMENT DIRECTOR

BY: ROD POWELL, MANAGEMENT ANALYST

TITLE: THIRD 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 for a Third Substantial Amendment to the United States Department of Housing and Urban Development (HUD) FY 2019-2020 Annual Action Plan (AAP).

RECOMMENDATION:

The Community Development Department recommends that City Council approve a Third Substantial Amendment to the HUD FY 2019-2020 AAP.

EXECUTIVE SUMMARY:

Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act which was signed into law by President Donald Trump on March 27, 2020. As a result of the CARES Act, HUD made available \$3.064 billion dollars for programs such as the Community Development Block Grant (CDBG) Program and Emergency Solutions Grants (ESG) Program. HUD utilized its existing grant formula methodology to award entitlement jurisdictions such as the City of Salinas (City) supplemental FY 2019-2020 CARES Act COVID-19 (CV) allocations. HUD awarded the City FY 2019-2020 CARES Act Phase 1 allocations of \$1,190,782 for CDBG-CV and \$617,245 for ESG-CV and a Phase 2 allocation of \$5,814,926 for ESG-CV funding. Both awards were incorporated into the City's FY 2019-2020 AAP through Substantial Amendments approved by the City Council on May 26, 2020 and June 23, 2020. On September 11, 2020, HUD notified the City of an available Phase 3 CARES Act allocation of \$1,209,375 for CDBG-CV which requires the execution of a Third Substantial Amendment to the FY 2019-2020 Annual Action Plan to allow for programing and funding of necessary activities to prepare for, prevent and respond to the COVID-19 pandemic.

BACKGROUND:

On May 26, 2020 the City Council conducted a public hearing to approve a Substantial Amendment to accept and allocate \$1,190,782 of HUD CDBG-CV Phase 1 funding and \$617,245 of HUD 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 FY2019-2020 Annual Action Plan 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. In order to fully access this funding and move forward with planned projects the City needs to execute a Third Substantial Amendment to its FY2019-2020 AAP.

An Amendment is a formal process that the City can exercise to modify an existing HUD approved Consolidated Plan (Con Plan) or AAP. For example, an Amendment may be required by HUD if the City is proposing to fund new activities not previously identified in the Con Plan and AAP, increase activity funding above a certain percentage threshold or increase the total number of activity beneficiaries above a certain percentage threshold. The Amendment process for the FY 2019-2020 AAP will require the following: 1) City Council public hearing, which can be conducted virtually, 2) City Council approval, 3) public notice outlining the proposed actions of the Amendment and 4) a minimum five (5) day public review and comment period. A brief summary of the proposed Third Substantial Amendment is outlined below. Complete descriptions are provided in Attachment B entitled “City of Salinas Third Substantial Amendment Summary”.

FY 2019-2020 Annual Action Plan (AAP)

Annually the City 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 CDBG, HOME and ESG programs. The AAP describes eligible proposed projects, programs, and funding amounts for each of these programs and its relationship to the Five-Year Con Plan objectives. In order for the City to receive CARES Act CDBG-CV Phase 3 funding, the City must now submit a Third Substantial Amendment to the current FY 2019-2020 AAP to HUD. This proposed Third Substantial Amendment to the FY 2019-2020 AAP includes modifying the projects and funding amounts of the Phase 1 allocation of CDBG-CV that were executed in the Second Substantial Amendment approved by City Council on June 23, 2020. The following tables outline proposed activities and funding for incorporating CDBG-CV Phase 3 CARES Act funding within the City’s FY2019-2020 AAP.

CDBG-CV (CARES Act Phase 3 Allocation)			
Name of Organization	Name of Activity	Program Description	Funding Amount
City of Salinas	Administration - COVID-19	To prepare, prevent, and respond to COVID-19 to cover additional administrative costs for COVID-19 activities.	\$241,875
City of Salinas	Activity Delivery – COVID-19	Activity delivery costs for the Grow Salinas Fund and Property Acquisition activities	\$5,400

City of Salinas	Grow Salinas Fund – COVID-19	Recapitalize Grow Salinas Fund to increase access to capital to small businesses through loans or grants as a response to COVID-19 by creating and retaining jobs.	\$54,000
City of Salinas	Economic Development Technical Assistance	As a response to COVID-19, a dedicated business navigator position will assist microbusinesses safely to re-open, have access to economic recovery resources, and navigate local governmental processes.	\$200,000
Salvation Army	Homeless Encampment Meal Deliveries	Food distribution to homeless encampments. To respond to shelter-in-place order due to COVID-19 by increasing food distribution capacity to homeless encampments. To minimize and prevent homeless encampment displacement.	\$76,679
Downtown Streets Team	Salinas Downtown Streets Team 2 nd Team	DST will provide services into self-sufficiency to Team Members who comprised of unhoused individuals. The Team will be receiving social services to removed barriers for housing along with employment services to graduate them into regular employment as a respond to COVID-19. The Outreach Specialist will continue working with existing community partners towards Team Members goals related to shelter, housing, heath, mental health, substance abuse, employment, income, and self-sufficiency. While conducting 400 outreach interactions with unhoused individuals.	\$216,000
City of Salinas	Housing Information and Referral Services & Fair Housing	Provide fair housing information and counseling referrals to respond to evictions and emergent housing needs due to COVID-19.	\$200,000
TBD	TBD	Funding reserved for potential future need.	\$215,421
Total CDBG-CV Phase 3 Funding:			\$1,209,375

CEQA CONSIDERATION:

Not a Project. The City has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter

is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

The receipt and administration of the HUD CARES Act Phase 3 CDBG-CV funding is in alignment with the following City Council strategic goals:

- Investment Strategy/Risk Management
- New Revenue
- Public Safety

DEPARTMENT COORDINATION:

The Community Development Department Housing Division coordinated with other City departments, which included Finance and Legal. The Housing Division also coordinated with HUD regarding this agenda item.

Department	Contribution
Finance	Assists with financial documents related to this agenda item.
Legal	Assist with legal and contract documents related to this agenda item.

FISCAL AND SUSTAINABILITY IMPACT:

There is no General Fund impact associated with this agenda item.

ATTACHMENTS:

- A. Resolution
- B. City of Salinas Third Substantial Amendment Summary