

Agenda Report

October 19, 2020

TO: Honorable Mayor and City Council

FROM: Housing Department

SUBJECT: PUBLIC HEARING: A SUBSTANTIAL AMENDMENT TO THE FIVE-YEAR 2020-2024 CONSOLIDATED PLAN AND ANNUAL ACTION PLANS (2019-2020, 2020-2021) RELATED TO THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT ESG-CV FUNDS AND HOME INVESTMENT PARTNERSHIPS PROGRAM FUNDS

RECOMMENDATION:

It is recommended that upon close of the public hearing the City Council take the following actions:

- 1) Find that the recommended action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines per Section 15061 (b) (3), the General Rule that CEQA only applies to projects that may have an effect on the environment;
- 2) Approve the submission of a Substantial Amendment to the Five-Year Consolidated Plan (2020-2024) and the Annual Action Plans (2020-2021) to the U.S. Department of Housing and Urban Development (HUD) to receive Emergency Solutions Grant (ESG-CV) funding made available through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); and
- 3) Approve the submission of Substantial Amendments to the Annual Action Plans (2019-2020, 2020-2021) to HUD to increase the administration funding cap under the HOME Investment Partnerships Program (HOME) as consistent with current HUD policy.

BACKGROUND:

The City of Pasadena is an entitlement jurisdiction that receives federal funding annually from the U.S. Department of Housing and Urban Development (HUD) according to an allocation formula. HUD regulations governing Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and

Emergency Shelter Grant (ESG) funds require that the City submit a five-year Consolidated Plan including an Annual Action Plan for each of five-years. The Consolidated Plan is a comprehensive planning document that examines housing needs and establishes funding priorities in the areas of affordable housing, homeless services, community development and economic development over the next five-year period. The Annual Action Plan is submitted on an annual basis and details specific activities the City will take to address the goals outlined in the Consolidated Plan. The Five-Year Consolidated Plan (2020-2024) and the Annual Action Plan (2020-2021) was approved by City Council on July 20, 2020.

CARES ACT FUNDING:

As part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) passed by the U.S. Congress and signed into law by the President on March 27, 2020, HUD has allocated additional entitlement funds to the City of Pasadena to prevent, prepare for, and respond to the coronavirus (COVID-19). The City was awarded its first allocation of Emergency Solutions Grant funding via the CARES Act (ESG-CV) in the amount of \$608,269 on April 2, 2020 and has used the funds to support a non-congregate shelter program for asymptomatic, high-risk individuals experiencing homelessness, and for program administration. These funds were incorporated in the Substantial Amendment to the 2019-2020 Annual Action Plan that was approved by Council on May 4, 2020.

The City was awarded a second allocation of ESG-CV funding on June 9, 2020 in the total amount of \$3,372,793. As outlined in HUD's Notice (CPD-20-08) issued on September 1, 2020, ESG-CV funds must be used to prevent, prepare for, and respond to coronavirus, among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus. These funds are in addition to the City's annual allocation of ESG funding. In order to accept the CARES Act supplemental federal funds to prevent, prepare for and respond to COVID-19, the City must submit an amended 2020-2024 Consolidated Plan and 2020-2021 Action Plan to HUD.

Uses of ESG-CV Funds

This Substantial Amendment will program \$3,372,793 in ESG-CV funds allocated to the City of Pasadena by HUD through the CARES Act according to an existing ESG allocation formula. The additional funds will be used to provide services and investments to prevent, prepare for, and respond to COVID-19 and are summarized in Attachment A. ESG-CV will be used for street outreach, homelessness prevention, rapid re-housing and emergency shelter as shown in the table below. All of these needs are expected to substantially increase as a result of the coronavirus pandemic. Emergency shelter funds will primarily go towards motel vouchers, but also may include supporting existing shelters for COVID-prevention and response measures. Funding priorities were informed by existing federal guidance as well as meetings with stakeholders and lead providers from the single adult, family and youth homeless services systems to identify

current and foreseeable needs. While there are evidently more needs than available resources, the most urgent eligible activities have been prioritized.

ESG CV Budget by Activity		
Activity	Budget	Percent of Allocation
Street Outreach	\$125,000	4%
Homelessness Prevention	\$500,000	15%
Emergency Shelter	\$1,000,000	29%
Rapid Rehousing	\$1,410,514	42%
Administration	\$337,279	10%
Total	\$3,372,793	100%

The CARES Act also authorized the HUD Secretary to grant waivers and alternative requirements related to the use of ESG-CV funds, including increasing the administrative cost cap from 7.5 to 10 percent; increasing the income limit for people at risk of homelessness from 30 to 50 percent of area median income; exemption from the dollar for dollar match requirements; funding not being subject to consultation and citizen participation requirements; allowing grant recipients to deviate from applicable procurement standards, and supportive services not being required to receive assistance.

All ESG-CV funds awarded through the first and second allocations must be fully expended for eligible activities by September 30, 2022.

HOME ADMINISTRATION FUNDING CAP:

Under the HOME program, participating jurisdictions (PJs) may allocate up to 10% of the HOME annual allocation and program income for administration and planning costs. On April 10, 2020, in response to the COVID-19 pandemic, HUD issued a memorandum announcing the availability to HOME PJs of certain waivers to HOME program regulations. One such waiver increases the 10% cap to 25% and is applicable to HOME Program Years 2019 and 2020 (City Fiscal Years 2020 and 2021). To effectuate this waiver, HOME PJs are required to amend their Annual Action Plans accordingly. It is recommended that the 25% cap be applied to the HOME annual allocation and program income for FY 2020 and FY 2021, as summarized in the table below.

HOME FY	Admin funding under 10% Cap	Admin funding under 25% Cap	Increase
FY 2020 \$764,874 annual allocation \$153,219 program income	\$91,809	\$229,523	\$137,714
FY 2021 \$834,537 annual allocation \$153,219 program income	\$98,775	\$246,939	\$148,164
Total	\$190,584	\$476,462	\$285,878

By adopting the recommendations, more HOME funds would be available to cover administrative and planning costs and thereby offset the use of General Funds in the Department's budget.

ENVIRONMENTAL ANALYSIS:

The actions proposed herein are exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "General Rule" provision of CEQA which applies to projects which may 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. The approval of substantial amendments to the Five-Year Consolidated Plan (2020-2024) and Annual Action Plans (2019-2020; 2020-2021) is a funding mechanism only and is excluded from the definition of "project" pursuant to State CEQA Guidelines Section 15378(b)(4). Furthermore, the action proposed herein will not have a significant effect on the environment and, hence, are not subject to CEQA.

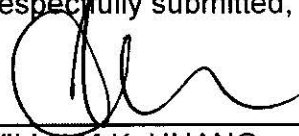
COUNCIL POLICY CONSIDERATION:

This proposed action supports the City Council Strategic Planning Three-Year Goals in the areas of improving, maintaining, and enhancing public facilities and infrastructure; improving mobility and accessibility throughout the City of Pasadena; and supporting and promoting the quality of life and the local economy.

FISCAL IMPACT:

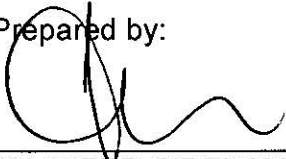
The recommended actions will have no direct fiscal impact. Approval of the Substantial Amendment to the Five-Year Consolidated Plan (2020-2024) and Annual Action Plans (2019-2020; 2020-2021) by the City Council and subsequent approval by HUD will result in a total allocation of \$3,372,793 in entitlement funds to support housing, homeless services and homelessness prevention activities. These federal funds are included as revenue in the adopted FY 2021 operating budget of the Department of Housing. Approval also enables the City to be eligible for other federally funded programs requiring consistency with the adopted Five-Year Consolidated Plan and Annual Action Plan.

Respectfully submitted,



for WILLIAM K. HUANG
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Prepared by:



for JENNIFER O'REILLY-JONES
Program Coordinator II

Approved by:



STEVE MERMELL
City Manager