

Agenda Report

November 23, 2020

TO: Honorable Mayor and City Council

FROM: Housing Department

SUBJECT: PUBLIC HEARING: SUBSTANTIAL AMENDMENT TO ANNUAL ACTION PLAN (2020-2021) FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM; FUNDING FOR FOOD PANTRIES

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 to the U.S. Department of Housing and Urban Development (HUD) of a Substantial Amendment to the Annual Action Plan (2020-2021) as described in the report;
- 3) Approve the submittal of a grant application for Community Development Block Grant CV Round 3 Program Year 2020-2021 (CDBG-CV3) entitlement funds in the amount of \$1,220,949;
- 4) Authorize the City Manager to execute, and the City Clerk to attest, the grant applications, certifications, and any and all other documents deemed necessary by HUD to obtain the allocation of the aforementioned federal entitlement funds;
- 5) Amend the FY 2021 Housing Department operating budget by recognizing and appropriating \$1,220,949 in CDBG-CV3 entitlement grant funds to be used towards the distribution of food by local food banks and pantries for low to moderate income households that have been affected by COVID-19 and program administration; and

- 6) Grant the selection of funding sub-recipients an exemption from the Competitive Selection process pursuant to P.M.C. Section 4.08.049(B), contracts for which the City's best interests are served.

BACKGROUND:

The Annual Action Plan sets forth the projected uses of federal entitlement funds, including Community Development Block Grant (CDBG), HOME, and Emergency Solutions Grant program funds for the coming program year. The Plan addresses the efforts made toward accomplishing the goals and objectives included in the City's Five-Year Consolidated Plan (2020-2024). On July 20, 2020, the City Council convened a public hearing approving the submission of the Annual Action Plan (2020-2021) as an application to the U.S. Department of Housing and Urban Development (HUD). The modifications described below require that the Annual Action Plan be amended in accordance with HUD regulations by a "Substantial Amendment" (as that term is used in the Citizen Participation Plan).

The Substantial Amendment to the 2020-2021 Annual Action Plan will enable the City of Pasadena to receive and administer \$1,220,949 in CDBG-CV Round 3 (CDBG-CV3) funding from HUD made available through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Funds are restricted to activities that prevent, prepare for and respond to COVID-19. The subject Substantial Amendment was issued for public review from November 12, 2020 to November 23, 2020 in a published notice of the scheduled public hearing to amend the 2020-2021 Annual Action Plan. Staff will present or deliver to the Council any public comments received prior to the Council meeting.

Since the pandemic started, the City has utilized \$1 million in CDBG-CV funds to implement an Emergency Rental Assistance (ERA) program, and has allocated \$425,000 of its CDBG annual allocation to provide grants to small businesses affected by COVID-19. Approximately \$50,000 of the \$1 million budgeted for the ERA program have not been expended in part because the County of Los Angeles also implemented a back-rent relief program which was available to assist COVID-impacted Pasadena residents. In addition, while the City's ERA program only provided assistance for back-rent prior to the July 29, 2020 application deadline date, state/federal unemployment insurance benefits were available to assist applicants. However, as unemployment benefits expire, the demand for back-rent relief is expected to remain high and, therefore, is an activity which may be considered by Council for continued support with the new CDBG-CV3 funds.

POTENTIAL AND RECOMMENDED USES OF CDBG-CV3 FUNDS:

In addition to the aforementioned small business grants and emergency rent assistance, the CDBG-CV3 allocation can also be used to support other eligible COVID-19 related activities including but not limited to: child care, utilities payment assistance, emergency mortgage assistance, provision of COVID isolation rooms, and to address food insecurity.

Current levels of food insecurity in L.A. County are much higher than pre-pandemic levels. The USC Dornsife College of Letters, Arts and Science reports that more than one in four Los Angeles County households experienced at least one instance of food insecurity from April to July 2020 and 42% of low-income households. By comparison, during all 12 months of 2018, 27% of low-income households struggled with food insecurity. Further, the Los Angeles Regional Food Bank reported that as of November 2020, food distribution has increased by 145% compared to the pre-pandemic period.

The City Council, over a six-month period (May-October), allocated funding to ten food banks and pantries to help feed vulnerable residents. The initial funding of \$159,607 for the period May-July allowed these agencies to serve an average of 12,900 individuals monthly. In July, Council approved an additional \$151,200 to these agencies to assist in meeting the surge in demand for food services during the period of August-October, and allowed the agencies to serve an average of 16,141 individuals per month. Recently, on November 9, 2020, Council appropriated additional funding in the amount of \$206,200 to continue the City's support of local food programs through January 2021. Data received to date indicates that non-City food resources are insufficient for local programs to meet the demands of the community. In conversation with a number of the food banks that the City is supporting, they stated their operations are stressed, and without continued City funding they will not be able to meet the increased demand for services occurring now and what is expected in the upcoming months. In staff's estimation, curtailment of food operations is likely in the absence of additional City funding. Below is the list of food banks and pantries receiving City support.

- First African Methodist Church
- First Church of Nazarene
- Foothill Unity Center
- Friends in Deed
- Morning Star Outreach Ministry
- National Day Laborer Organizing Network
- Salvation Army
- Pasadena Senior Center
- St. Andrews Church
- San Gabriel Valley YWCA

However, the City funds will run out after January 2021 and as the COVID-19 pandemic continues, the need for assistance for those experiencing food insecurity continues to rise. Therefore, staff recommends using \$1.1 million in CDBG-CV3 funds to create a new food insecurity program (the "Pasadena Food Pantry Program") to be operated for one year through the Parks, Recreation and Community Services Department.

Pasadena food banks and pantries that wish to participate in the new program will be able to submit an agency capacity review application and proposed program budget for review by City staff. Selected organizations through an exempt, non-competitive selection process, as proposed, will enter into a sub-recipient agreement to be brought back to City Council for approval in December 2020.

ANNUAL ACTION PLAN FUNDING MODIFICATIONS:

CDBG-CV3

Funds will be used to address food insecurity experienced by families due to effects caused by COVID-19. CDBG-CV3 funding in the amount of \$1,100,000 will be used to fund local food banks and pantries to serve low to moderate income households that have been affected by COVID-19, and \$120,949 for program administration. As proposed, the Parks, Recreation and Community Services Department will administer the CDBG-CV3 funds under a Memorandum of Understanding agreement to create the Pasadena Food Pantry Program. The CDBG-CV3 funds are anticipated to be available for disbursement in early-January 2021.

Description	Implementing Agency	Location	Action	Funding Source
<u>CDBG-CV Administration</u> Administration of the CDBG-CV3 funds provided by the CARES Act.	Housing Department – City of Pasadena	649 N. Fair Oaks Blvd. #202	New Allocation \$120,949	CDBG-CV3
<u>Pasadena Food Pantry Program</u> Provides funding to address food insecurity related to COVID-19.	Parks, Recreation, and Community Services Department – City of Pasadena	100 N. Garfield Ave.	New Allocation \$1,100,000	CDBG-CV3

ENVIRONMENTAL ANALYSIS:

The action proposed herein is 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 the subject

Substantial Amendment to the Annual Action Plan 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, is 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:

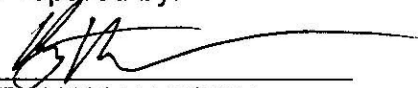
Approval of the Annual Action Plan (2020-2021) by the City Council and subsequent approval by HUD will result in a total allocation of \$1,220,949 in CDBG-CV3 entitlement funds to support housing, community development, and homeless prevention activities. Upon approval and award by HUD, the Housing Department FY 2021 operating budget will be increased by \$1,220,949 in revenue with appropriations in the amounts of \$120,949 allocated for CARES Administration (21916006-811400-50887) and \$1,100,000 for Pasadena Food Pantry Program (21916007-818800-50905).

Respectfully submitted,




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