

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Luke Watson, Deputy City Manager

DATE: September 13, 2022

SUBJECT: Approve the Community Development Block Grant (CDBG) Substantial Amendment to the 2020-21 CDBG Annual Action Plan

PREPARED BY: Brandon Rabidou, Principal Management Analyst

RECOMMENDATION: That the City Council adopt a resolution entitled:

RESOLUTION NO. 2022-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
TEMECULA APPROVING THE SUBSTANTIAL AMENDMENT
TO THE 2020-21 COMMUNITY DEVELOPMENT BLOCK
GRANT ANNUAL ACTION PLAN

BACKGROUND:

SUBSTANTIAL AMENDMENT TO THE 2020-21 ANNUAL ACTION PLAN: CDBG-CV FUNDS (CLOSE OUT OF ACTIVITIES AND REPROGRAMMING OF REMAINING FUNDS)

On March 27, 2020, the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, was signed into law. The CARES Act distributed a special allocation of CDBG funds, known as CDBG-CV funds, to entitlement jurisdictions, for the prevention and response to the COVID-19 pandemic. The City received its first allocation, \$329,152, of CDBG-CV funds in April 2020. In September 2020, staff received notification from the U.S. Department of Housing and Urban Development (HUD) that the City would receive an additional \$864,764 in CDBG-CV funding.

City of Temecula CDBG-CV Allocations	
First Allocation	\$329,152.00
Second Allocation	\$864,764.00
Total	\$1,193,916.00

On June 9, 2020, the City Council adopted a Substantial Amendment to the 2020-21 Annual Action Plan for the creation of Temecula Assist, utilizing the entire \$329,152 of the first CDBG-CV allocation, plus an additional \$171,000 from the General Fund. On November 10, 2020, the City Council adopted a second Substantial Amendment to the 2020-21 Annual Action Plan that allocated the City's second allocation of CDBG-CV funds to the following activities: Emergency Rental

Assistance, Emergency Mortgage Assistance, Homeless Services/ Homeless Prevention, and Administration (Consulting Services Only). Tonight, the City Council is being asked to make recommendations for the reprogramming of closed CDBG-CV activities to the Mary Phillips Senior Center Outdoor Recreation Improvement Project.

CDBG-CV Requirements and Considerations

HUD released the CDBG-CV requirements on August 10, 2020. All CDBG-CV activities must meet one of the three CDBG national objectives:

- Benefit to low and moderate income persons
- Addressing an urgent need
- Preventing or eliminating slum or blight

CDBG activities in the City of Temecula typically benefit low and moderate-income persons. Mary Phillips Senior Center Outdoor Recreation Improvement project also satisfies this National Objective as HUD presumes seniors to be a presumed group of low and moderate income.

The Federal Register Notice released by HUD included alternative requirements and flexibilities for the CDBG-CV allocation including:

- Expedited citizen participation requirements -
- Eligible costs from January 2020 forward
- Prevent duplication of benefits
- Up to 20% allowed for administration
- No public services cap (typically 15%)
- Must demonstrate a tie to COVID-19

All activities must be used to prevent, prepare for, or respond to COVID-19. This can be accomplished through direct expenditures related to costs associated with prevention or response, or indirectly, such as by addressing housing market or business disruptions.

The City is responsible for implementing policies and procedures to prevent beneficiaries from receiving duplicative benefits from different federal and non-federal sources. A duplication of benefits occurs when a person, household, business, government, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance.

Practically, CDBG-CV funds cannot be used to pay for eligible costs that have already been paid for, or will be paid for, by another Federal program, insurance, or other sources. If this occurs, the City/grantee must repay its CDBG-CV grant.

SUBSTANTIAL AMENDMENT: CLOSING OF ACTIVITIES AND REPROGRAMMING OF REMAINING CDBG-CV FUNDS TO MARY PHILLIPS SENIOR CENTER OUTDOOR RECREATION IMPROVEMENT PROJECT

Based on the level of activity in the City's current Mortgage and Rental Assistance Program, staff is proposing Substantial Amendment No. 3. The proposed Substantial Amendment to CDBG-CV Activities within the 2020-2021 Annual Action Plan provides the following recommendations:

- Close out the City's Emergency Rental Assistance Program; and reprogram remaining funds in this activity to the newly identified Mary Phillips Senior Center Outdoor Recreation project.
- Close out the City's Emergency Mortgage Assistance Program; and reprogram remaining funds in this activity to the newly identified Mary Phillips Senior Center Outdoor Recreation project.
- Of available funds from closed out projects identified above; increase budget of CDBG-CV Administration by \$4,967.42

CDBG-CV Activity	Original Budget	New Proposed Budget	Net change
Emergency Rental Assistance Program	\$500,000	\$45,822	-\$454,178
Emergency Mortgage Assistance Program	\$264,000	\$49,543	-\$214,457
CDBG-CV Administration	\$45,000	\$49,967	+\$4,967
Mary Phillips Senior Center Outdoor Recreation Project (CDBG-CV)	\$0	\$663,668	+\$663,668

NOTICING

A Notice of Public Hearing and the commencement of the 15-day public review period was published in the *Press Enterprise* on August 29, 2022, informing the public of the proposed substantial amendment.

FISCAL IMPACT: The approval of the Substantial Amendment will allow the expenditure of a supplemental appropriation of federal CDBG-CV funds.

ATTACHMENTS:

1. Resolution
2. Exhibit A: Substantial Amendment
3. Notice of Public Hearing (English)