

CITY OF MONTEREY
2019 - 2020 ANNUAL ACTION PLAN
2020 - 2021 ANNUAL ACTION PLAN
SUBSTANTIAL AMENDMENT
ALLOCATION OF FUNDS RELATED TO THE CARES ACT

Introduction

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into Public Law 116-136 to respond to the growing effects of COVID-19. The CARES Act made available \$5 billion in Community Development Block Grant Coronavirus (CDBG-CV) funds. Of this amount, HUD allocated \$2 billion based on the fiscal year 2019-2020 CDBG formula and made the first round of fund allocations earlier in 2020. Monterey's CDBG-CV1 allocation was \$152,845 and was allocated towards an Emergency Rental Assistance Program in the first substantial amendment. HUD is now allocating the remaining \$3 billion based on needs in the following tranches: \$1 billion to states and insular areas, and \$2 billion to states and local governments at the discretion of the HUD Secretary. The City of Monterey's allocation of CDBG-CV3 is \$395,110.

The CARES Act adds flexibility for the CDBG-CV funding and, in some cases, for the annual fiscal year 2019-2020 CDBG funding; additionally, the Secretary is authorized to grant waivers and alternative requirements of statutes and regulations in connection with the use of CDBG-CV funds and fiscal year 2019 and 2020 CDBG funds (except for requirements related to fair housing, nondiscrimination, labor standards, and environment). Waivers and alternative requirements can be granted when necessary to expedite and facilitate the use of funds to prevent, prepare for, and respond to COVID-19. Moreover, the public comment period is reduced to no less than 5 days, virtual public hearings may be used when necessary for public health reasons, the public service cap is suspended during the emergency, and state and local governments may reimburse costs of eligible activities incurred for pandemic response regardless of the date.

The CDBG-CV special allocation is governed through HUD; therefore, the City of Monterey as an entitlement city, must comply with HUD prescribed statutes and regulations to add this special funding to the current Annual Action Plan. Per HUD 24 CFR 24 Part 91.505 -the jurisdiction, in this case the City of Monterey, shall amend the approved Consolidated Plan and Annual Action Plans when:

- A substantial change (e.g., 50% or more) in its allocation priorities or a substantial change in the method of distribution of funds takes place; or
- Carries out an activity, using funds from any program covered by the consolidated plan (including program income), not previously described in the action plan; or
- Substantially change the purpose, scope, location, or beneficiaries of an activity.

Additionally, the substantial change criteria utilized by the City of Monterey as established by the City's Citizen Participation Plan is determined by a change in an activity which had been originally initiated through the HUD Program and in which the change would exceed:

1. Changes in the use of CDBG funds from one eligible project to another (for example, from housing rehabilitation to public services).
2. A proposed action or change that may create a significant community impact. A significant community impact is defined as either:
 - a. Any federal grant-funded project or activity that results in a significant environmental impact as that term is defined pursuant to the National Environmental Policy Act (NEPA) (42 U.S.C. 4231 et seq); or
 - b. Any federal grant-funded project or activity that generates relocation of at least 20 resident households and/or two existing businesses which are subject to the federal Uniform Relocation Act (42 U.S.C. 4601 et seq, 42 U.S.C. 4621 et seq, and 42 U.S.C. 4651 et seq).

Previous Amendment to the Citizen Participation Plan

When it received the first round of CARES Act funding (CDBG-CV1), the City amended its Citizen Participation to establish expedited procedures to draft, propose, or amend consolidated plans. Expedited procedures must include notice and reasonable opportunity to comment of no less than 5 days. The 5-day period can run concurrently for comments on the action plan amendment and amended citizen participation plans.

The City also amended its Citizen Participation Plan to allow for Virtual Meetings and public comment for the proposed use of all Department of Housing and Urban Development funds. In-person public hearings are not required. The City of Monterey may meet public hearing requirements with virtual public hearings if: 1) national/local health authorities recommend social distancing and limiting public gatherings for public health reasons; and 2) virtual hearings provide reasonable notification and access for citizens in accordance with the City's certifications, timely responses from City officials to all citizen questions and issues, and public access to all questions and responses.

Proposed Amendment to the 2019 – 2020 Annual Action Plan

The CDBG-CV3 Proposed Programs/Activities and Allocations are listed in the tables below:

MONTEREY PROPOSED FY 2019-2020 SUBSTANTIAL AMENDMENT CDBG-CV3 BUDGET	
Public Services	Proposed Funding
Emergency Rental Assistance Payments	\$395,110
Subtotal	\$395,110
TOTAL	\$395,110

A description of the new activities being added to the fiscal year are as follows:

- Public Services
 - Subsistence Payments
 - This short-term (no more than three months) emergency payments in rental and/or utilities assistance is in response to COVID-19 impacted individuals or families, for the purpose of preventing homelessness.

The above activities and funding amounts will be revised in the 2019-2020 Annual Action Plan.

Proposed Amendment to the 2020–2021 Annual Action Plan

Due to receiving the CDBG-CV3 funding and projecting an increased amount of Program Income (PI), the City will also be amending the fiscal year 2020-2021 Annual Action Plan in order to add more activities and increase funding to existing activities. The Proposed Programs/Activities and Allocations are listed in the tables below:

MONTEREY PROPOSED FY 2020-2021 SUBSTANTIAL AMENDMENT CDBG BUDGET		
	Previous Allocations	Proposed Funding
Administration		
CDBG Administration	\$207,000	\$207,000
Subtotal	\$207,000	\$207,000
Economic Development		
Business Assistance	\$15,000	\$15,000
Subtotal	\$15,000	\$15,000
Nonprofit Facility Improvements		
Community Human Services – Homeless Shelter	\$0	\$100,000
Interim Inc. – Security Upgrade	\$0	\$22,526
Meals on Wheels – Refrigerator	\$0	\$47,315
Veterans Transition Center – HVAC	\$0	\$80,000
Subtotal	\$0	\$249,841
Public Services		
Emergency Rental Assistance Payments	\$650,000	\$252,045
Casa de Noche Buena – Homeless Shelter Operations	\$0	\$20,614
Other Public Services	\$137,000	\$137,000
Subtotal	\$787,000	\$409,659
Housing Preservation and Acquisition		
Housing Preservation Programs	\$50,000	\$295,000
Property Acquisition	\$0	\$405,500

Subtotal	\$50,000	\$705,500
TOTAL	\$1,059,000	\$1,582,000

A description of the activities for the fiscal year are as follows:

- Administration
 - CDBG Administration
The general staff administration of CDBG programs and activities.
- Economic Development
 - Business Assistance
Assisting private, for-profit small businesses in avoiding job losses by providing them with short-term working capital assistance.
- Nonprofit Facility Improvements
 - Community Human Services – Homeless Shelter
The facility improvements to the CHS Homeless Shelter will include the replacement of stairs, siding, carpet, and gates, the removal of a window, and painting.
 - Interim Inc. – Security Upgrade
This funding will allow the organization to install security cameras at three affordable housing projects that are all located on Pearl Street in Monterey. All of these locations serve very low-income individuals with psychiatric disabilities, and these cameras would increase their safety.
 - Meals on Wheels – Refrigerator
This funding will allow the organization to expand the freezer space at their location in Pacific Grove. This will allow them to expand their meal programs to improve the quality of life for aging and physically impaired adults in the City of Monterey.
 - Veterans Transition Center – HVAC
This project will replace the HVAC system at a duplex for homeless veterans. This would allow for inexpensive maintenance and repairs, improve the safety and efficiency of future HVAC operations, and eliminate a potential source of airborne health hazards.
- Public Services
 - Emergency Rental Assistance Payments
This short-term (no more than three months) emergency payments in rental and/or utilities assistance is in response to COVID-19 impacted individuals or families, for the purpose of preventing homelessness. The FY 2020-2021 funding is being decreased for this project because it is being replaced with the CDBG-CV3 funding. The total amount funded for this program is staying the same at about \$800,000.
 - Casa de Noche Buena – Homeless Shelter Operations
This funding will pay for the operating costs for a homeless shelter for women and families with children. It will be run by two nonprofit

organizations that already partner with the City, Community Human Services and Gathering for Women.

- Other Public Services

All other previously approved public services and their funding will be staying the same. This includes the Food Bank of Monterey County, Legal Services for Seniors, Community Human Services, Interim Inc., Meals on Wheels, Alliance on Aging, Josephine Kernes Memorial Pool, ECHO Fair Housing, Salvation Army Homeless Support Services, Gathering for Women, and Court Appointed Special Advocates (CASA).

- Housing Preservation and Acquisition

- Housing Preservation Programs

Emergency housing repairs, minor home repairs, and accessibility improvements for low-income homeowners, purchase and repair for resale of low-income first-time homebuyer deed-restricted ownership housing units, and administration of these activities.

- Property Acquisition

The purchase of property to be used as affordable housing.

The above activities and funding amounts will be revised in the 2020-2021 Annual Action Plan.

HUD requires that entitlement communities provide the public with a 5-day comment period to provide residents and other interested parties an opportunity to provide input on the proposed Amendment. This public comment period will run from October 15, 2020 to October 20, 2020.

Public Comments

The City will incorporate any comments received during the public comment period.