

COUNCIL ACTION FORM

SUBJECT: SECOND SUBSTANTIAL AMENDMENT TO CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) 2019-20 ANNUAL ACTION PLAN.

BACKGROUND:

On April 2, 2020, in response to the Coronavirus Pandemic (COVID-19), the U.S. Department of Housing and Urban Development (HUD) notified the City of Ames that it will receive a special allocation of Community Development Block Grant (CDBG-CV) funds in the amount of \$354,515 to be used to prevent, prepare for, and respond to COVID-19. This allocation was authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

The CARES Act funds will be available for "eligible activities" meeting the national objective of the CDBG-CV program and respond to the spread of infectious diseases such as COVID-19.

Guidance dated April 9th, states that "grantees are advised to amend or prepare their Action Plans as soon as possible and not to wait for the pending Federal Register notice, which may provide additional waivers and alternative requirements, etc." The guidance also urged entitlement communities to amend their current approved Action Plans rather than submitting their upcoming program year plans and then having to wait for HUD approval (which may be delay to implementation of the CARES Act). For the City of Ames, this would be a 2nd Substantial Amendment to our 2019-20 Annual Action Plan that was just approved in March.

There is one major caveat to the CDBG-CV funds that is different from typical CDBG funding that will develop parameters for the proposed programs. Entitlement communities must establish a Duplication of Benefits (DOB) policy. The regulations state that the grantee must prevent DOB when implementing eligible activities utilizing CARES Act funding.

"A duplication occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need. The amount of the DOB is the amount received in excess of the total need for the same purpose. When total need for eligible activities is more than total assistance for the same purpose, the difference between these amounts is an "unmet need."

Grantees must limit their assistance to unmet needs for eligible activities to prevent a DOB. When reimbursement is permitted by the CDBG-CV grant requirements, unmet needs can include amounts needed for reimbursement." **Failure to develop and**

maintain policies and procedures to adequately address duplication of benefits could lead to a violation of the requirement for grants under Public Law 113-2 that the grantee has “established adequate procedures to prevent any duplication of benefits” or otherwise lead to a violation of section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

The CDBG-CV funding is to be used after all other funds are exhausted or unavailable.

Some examples of DOB include assistance provided through but not limited to: Federal Emergency Management Agency (FEMA) including food, supplies, etc., Small Business Administration (SBA), Other federal, state or local funding (such as Emergency Shelter Grant (ESG), Unemployment Assistance, ASSET funding, Section 8 Housing Choice Vouchers, LIHEAP), other nonprofit, private sector, or charitable funding, including declining of assistance. The policy also must include a process to address the recapturing of funds in case of an overpayment and DOB. Staff continues stay in close communication with the HUD Field Office to stay abreast of the program guidelines, waivers, suspensions, and webinars that are still being considered and/or determined for these program funds.

To expedite implementation of this funding, the typical 30-day public comment process has been reduced to a 5-day comment period with a two-day notification request to the area HUD Field Offices. Staff submitted a request for a 5-day comment period for the CARES Act funding that was approved by HUD on April 16th.

Staff initially sought public input back in April from citizens within the community, private for-profit enterprises, and not-for-profit organizations for their input on “what and how should” the CARES funding should be distributed. After consideration of the public input, conversations with human service agencies, financial institutions, local housing trust fund, utility companies, medical institutions, other entitlement communities, and past CDBG programming, staff is proposing to utilize this new source of funding to accomplish two programs: 1) COVID-19 Renters Relief Assistance (Rent, Utilities) and 2) COVID-19 Homeowners Relief Assistance (Mortgage, Utilities).

Staff’s rationale for proposing these activities are as follows:

- The activities will meet some of the goals of the CARES Act funding, which is to be used to prevent, prepare for, and respond to the Coronavirus (COVID-19).
- It considers approaches that prioritize the unique needs of low and moderate-income persons as outlined in the Act;
- It will allow the City to develop partnerships between all levels of government and the private for-profit and non-profit sectors.
- Some of the proposed programming have been successfully administered by the City in the past.
- The Staff has the experience to administer the funds, that will be subject to HUD oversight, and reporting.

- Staff can ensure that adequate procedures will be in place to prevent the Duplication of Benefits.

This information was presented at the May 15th City Council meeting. At this meeting City Council directed staff to prepare a proposed 2nd Substantial Amendment to the City's CDBG 2019-20 Annual Action Plan that will incorporate a special allocation of CDBG CARES Act funding in the amount of \$354,515. **The funding would be used to implement a COVID-19 Renters Relief Assistance Program (Rent, Utilities) and a COVID-19 Homeowners Relief Assistance Program (Mortgage, Utilities). June 9, 2020 was established as the date of public hearing.**

Staff has prepared the proposed 2nd Substantial Amendment to the City's CDBG 2019-20 Annual Action Plan and Budget incorporating the draft guidelines to implement the Renter and Homeowners Relief Assistance Program that can be viewed at www.cityofames.org/housing . **It is important for the City Council to note that these guidelines have been written based on "regular" CDBG required regulations. The City along with other entitlements are still waiting on HUD to release the final set of COVID-19 waivers, suspensions, and regulations that will govern the use of these funds that will affect the City's proposed program guidelines.**

The comment period for the proposed 2nd Amendment Action Plan was available to the for public from May 30th until June 4th. The 5-day public comment period was approved by HUD in lieu of the traditional 30-day comment period. Staff received the following comments listed within Attachment 1.

ALTERNATIVES:

1. City Council can adopt a resolution approving the 2nd Substantial Amendment to the City's CDBG 2019-20 Annual Action Plan that incorporates a special allocation of CDBG CARES Act funding in the amount of \$354,515 to implement a COVID-19 Renters Relief Assistance Program (Rent, Utilities) and a COVID-19 Homeowners Relief Assistance Program (Mortgage, Utilities) as outlined. Also, approve submittal of the Action Plan to HUD for their approval.
2. City Council can adopt a resolution approving the 2nd Substantial Amendment to the City's CDBG 2019-20 Annual Action Plan that incorporates a special allocation of CDBG CARES Act funding in the amount of \$354,515 to implement a COVID-19 Renters Relief Assistance Program (Rent, Utilities) and a COVID-19 Homeowners Relief Assistance Program (Mortgage, Utilities) **with modifications**. Also, approve submittal of the Action Plan to HUD for their approval.
3. City Council can decline to adopt a resolution approving the proposed 2nd Substantial Amendment to the City's CDBG 2019-20 Annual Action Plan to incorporate a special allocation of CDBG CARES Act funding in the amount of \$354,515 and **refer the item back** to staff for further information.

CITY MANAGER'S RECOMMENDED ACTION:

As stated earlier, this special allocation of funds was an unexpected opportunity to address some needs and opportunities in our community regarding the COVID-19 Pandemic. As with all federal funding, the grant monies come with requirements that must be addressed. The requirement to address the Duplication of Benefits (DOB) is one that will have to be closely monitored when implementing any program activity. **Also, the fact that program guidelines and requirements have still not been published by HUD can affect how program activities are or will be implemented.**

One of the main challenges in creating an effective program is deciding the prioritization of how funds will be distributed, because \$354,000 is not a lot of money in comparison to the potential needs in the community. It will be important for other funding sources to be utilized and to then determine the gap that CDBG-CV can fill. Regardless, as HUD has indicated, the City must move forward in proceeding with amending our Action Plan to include this funding.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1. This action will approve the 2nd Substantial Amendment to the City's CDBG 2019-20 Annual Action Plan that incorporates a special allocation of CDBG CARES Act funding in the amount of \$354,515 to implement a COVID-19 Renters Relief Assistance Program (Rent, Utilities) and a COVID-19 Homeowners Relief Assistance Program (Mortgage, Utilities) as outlined. Also, approve submittal of the Action Plan to HUD for their approval

ATTACHMENT 1

Public Input Comments

“Need to attach Pdf’s”

From: [Lori Allen](#)
To: [cdbg cares act 2020](#)
Subject: CDBG Annual Action Plan to Receive CARES Funding
Date: Wednesday, June 03, 2020 9:53:21 AM

I want to offer the support of Good Neighbor Emergency Assistance for the plan of spending CDBG funds on rent, mortgage, and utility payments for Ames residents who have had a negative financial impact due to the Covid19 pandemic. I will also add that I hope the funds can help with full payments for rent and mortgage payments, and that they can be accessed for more than one month's payments, situation dependent.

I appreciate the hard work of the City of Ames staff and council during this time, and I trust the expert guidance of Vanessa Baker Latimer in this process.

Thank you -

--

Lori Allen, Director
Good Neighbor Emergency Assistance, Inc.
613 Clark Avenue
Ames, Iowa 50010
(515) 296-1449
director@gnea.org

From: webnotification@cityofames.org <webnotification@cityofames.org>
Sent: Sunday, May 31, 2020 10:28 AM
To: Vanessa Baker-Latimer <vanessa.bakerlatimer@cityofames.org>
Subject: CDBG Fundds

Message submitted from the <City of Ames, IA > website.

Site Visitor Name: Linda Hanson
Site Visitor Email: linda.hanson2011@gmail.com

I completely agree with the proposed amendment to the CDBG plan which provides rental assistance. I am serving on the Immigrant Emergency Fund and am aware of the great need for rent and utility assistance to keep people housed. In addition, my church, the UCC, has donated over \$10,000 to keep people housed.

Thank you for considering this amendment.

Linda Hanson

From: webnotification@cityofames.org <webnotification@cityofames.org>
Sent: Sunday, May 31, 2020 3:07 PM
To: Vanessa Baker-Latimer <vanessa.bakerlatimer@cityofames.org>
Subject: Email contact from City of Ames, IA

Message submitted from the <City of Ames, IA > website.

Site Visitor Name: Jeremy Best
Site Visitor Email: jeremyalanbest@hotmail.com

Dear Ms. Baker-Latimer,

I am very happy to see the proposed amendment to the CBDG plan. Rental and mortgage assistance are very important during these difficult times. As you are probably aware, keeping people in their homes is a key step in preventing catastrophic poverty outcomes. Thank you for your work for our community.

Sincerely,
Jeremy

From: [The Rev. Eileen Gebbie](#)
To: [cdbg cares act 2020](#)
Subject: Amendment just right
Date: Sunday, May 31, 2020 7:32:16 AM

Dear Ms. Baker-Latimer,

I am very happy to see the proposed amendment to the CDBG plan. Rental and mortgage assistance are the biggest need our congregation is seeing through our pastoral emergency fund. Since May 17, we have distributed \$12,438.45 just for those two needs.

Thank you,

Pr. Eileen Gebbie

Eileen Gebbie, Senior Minister (*she/her/hers*)
Ames United Church of Christ
relationships, community, generosity, worship

24 Hour Prayer Line: 515.520.8506
515.232.9323 | [web](#) | [facebook](#) | [instagram](#)

Comments to the Proposed, 2nd Amended CBDG Budget for the City of Ames
Related to the COVID 19 Block Grant to the City of Ames, Iowa
Public Hearing Scheduled for June 9, 2020
from AMOS (A Mid-Iowa Organizing Strategy)

Dear Ms. Baker-Latimer and Members of Council,

June 2, 2020

In the document published on the City of Ames website on May 29, 2020 entitled:

**Community Development Block Grant (CDBG)
2nd Substantial Amendment to the
2019-20 Annual Action Plan and
Revised 2019-23 Five-Year Consolidate Plan
Citizen Participation Plan**

we note that City of Ames will receive a special allocation of Community Development Block Grant (CDBG-CV) funds in the amount of \$354,515 to be used to prevent, prepare for, and respond to the coronavirus (COVID-19). The recommendation as outlined states that "it seems prudent that this first round of CDBG CARES Act Funding should address assisting households and individuals that meet HUD's moderate-income limits (80% or below) for the Ames Metropolitan Statistical Area (ASMA)".

The document goes on to recommend that the money be split evenly between those needing rental assistance and homeowners needing assistance with mortgage payments, (\$ 177, 258 to each group) which, at a payout of \$ 3,000 over a three month period, would allow assistance to approximately 59 rental and 59 homeowner units at that 50/50 split.

For the record, AMOS is directionally supportive of this usage.

On the same day, May 29th, the Governor of Iowa announced what would appear to be a similar program, to be funded as part of the \$ 1.25 billion CARES block grant to the State of Iowa, for which Ms. Debbie Durham of IFA is planning for 20,000 applications statewide per the press conference statements. One difference would appear to be that if a person were receiving the \$ 600 / week CARES related unemployment payments, they would be ineligible for financial assistance from the State program.

We would ask the Housing Department of Ames to consider the following program modifications:

- 1) The final split of the money to renters and homeowners should be carefully considered in comparison to the acute chances for the members of either of those groups to lose their residence due to eviction or foreclosure. In other words, the money should be prioritized where it will prevent the most immediate harm and benefit the greatest number of vulnerable individuals and families against the possibility of homelessness.
- 2) Any rules that are developed for these monies on a city basis should be carefully compared to the new State program to differentiate and expand, as allowable, the eligibility criteria. For example, that the CARES unemployment income supplement not be considered as a factor, meaning that those who are ineligible for the State program may still be considered for the City program.
- 3) The Housing Department should consider setting aside a portion of the money, if allowable, for funding homeless relief and accommodations as may be necessary due to continued disruption of temporary housing options related to the COVID 19 pandemic. For example, this could allow additional time in temporary housing if necessary, because of the unavailability of Emergency Residence Project (ERP) communal housing or other funding as may be needed;

Thank you for your consideration.

For AMOS Ames Cluster and its member institutions

A handwritten signature in black ink that reads "Terry Potter". The signature is written in a cursive, flowing style.

Terry Potter and the Ames AMOS Housing Team

Terry's Address: 608 Douglas Ave Unit 1, Ames, IA 50010