

**PROPOSED SUBSTANTIAL AMENDMENT TO
THE 5-YEAR CONSOLIDATED PLAN (2015/16-2019/20), CITIZENS
PARTICIPATION PLANS, AND (2019/20 AND 2020/21) ANNUAL ACTION PLANS**

A. EXECUTIVE SUMMARY

On March 27, 2020, Congress passed the Coronavirus Aid, Relief and Economic Security Act (CARES Act) (Public Law 116-136) to directly address the impacts of the Novel Coronavirus and COVID-19. As part of the CARES Act, Congress appropriated \$5 billion to the U.S. Department of Housing and Urban Development (HUD) for allocation to cities and states through the Community Development Block Grant (CDBG) program. The \$5 billion is to be released in three tranches:

- \$2 billion will be distributed based on the FY20 allocation formula to entitlement, state, and insular area grantees
- \$1 billion will be distributed to states and insular areas "based on public health needs, risk of transmission of coronavirus, number of coronavirus cases compared to the national average, and economic and housing market disruptions, and other factors".
- \$2 billion will be distributed "directly to the State or unit of general local government, at the discretion of the Secretary, according to a formula based on factors to be determined by the Secretary, prioritizing risk of transmission of coronavirus, number of coronavirus cases compared to the national average, and economic and housing market disruptions resulting from coronavirus".

The City of Porterville as an Entitlement City is expected to receive \$498,098 in CDBG-CV funds in the first tranche. It is unknown how much, if any, will be received in the following tranches. In addition to the funding, Porterville can request waivers and flexibilities for the CDBG programs.

The City of Porterville is amending its 2019 and 2020 Annual Action Plan to include the CDBG-CV funding and amend its Citizen Participation Plan to include a five (5) day comment period. In accordance with 24 CFR 91.05(c)(2) and subpart B of the federal regulations relative to citizen participation for Community Planning and Development Programs and applicable waivers which have been made available to those requirements through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) staff has submitted the regulatory waivers to HUD, which HUD has acknowledged.

B. CITIZEN PARTICIPATION

On June 2, 2020, an in-person and/or virtual Public Hearing will be held and streamed at 6:30 PM., in the Council Chambers, 291 N. Main Street and via the City's YouTube channel: <https://www.youtube.com/channel/UC5KuhSrNMNL9nwHJVtnJvvA>.

Comments to the Substantial Amendment may be submitted, before the meeting via email to CouncilMeetingComments@ci.porterville.ca.us. Members of the public are encouraged to submit comments prior to 6:30 p.m., Tuesday, June 2, 2020, to participate in said meeting. Staff will periodically check for any emails that may have been submitted after 6:30 p.m.; however, it is not

guaranteed that those emails will be read prior to Council action. The comments read during the Council meeting will be incorporated into the official record.

C. PUBLIC COMMENTS

In accordance with the amendment to the current Citizen Participation Plan that is running concurrently, the City of Porterville must publish the documents for no less than five calendar days for public comment before it is submitted to the U. S. Department of Housing and Urban Development (HUD).

The public notice was published in English and Spanish announcing the five (5) day comment and review period through the close of business Tuesday, June 2, 2020.

D. WAIVERS and FLEXIBILITIES

The CDBG waivers that are available include:

- Extension of the submission of the FY19 and FY20 ConPlan/Action Plans through **August 16, 2021**.
- Suspension of the 15% expenditure cap on public services
- Allowance of a 5-day Public Hearing Notice/comment period
- Allowance of Virtual Meetings in lieu of in-person public hearings;
- Extends the CAPER due date from 90 days to 180 days after the close of a jurisdiction's program year.
- Additional program waivers may be available and would need to be requested on a case by case basis by the City, when necessary to expedite and facilitate the use of funds to prevent, prepare for, and respond to coronavirus.

HUD has received and accepted the City's notification for intent to use all waivers and flexibilities.

*A list of CDBG-CV Eligible Activities to **PREVENT, PREPARE FOR, and RESPOND TO** Covid-19 is included as attachment 1.*

E. PROPOSED ACTIVITY DETAIL

ACTIVITY ELIGIBILITY:

- **Activity must be directly related to Covid-19 (Prevention, preparation for, or in response to)**
- Must be a new activity or increase in services
- Grant funds may not be used to pay costs if another source of financial assistance is available to pay that cost (Duplication of services)
- Must be an eligible CDBG activity that:
 - Meets a National Objective;

- Serves Low/Mod Income households (LMI) (a minimum of 70% of the funding must benefit LMI Households)

Based on the eligible uses and need, the proposed use for the CDBG-CV funding is for Economic Development in the City of Porterville to help businesses affected by COVID-19 and to administer the program. A full budget is available in the Substantial Amendment.

Summary of 2019-20 Projected Additional Action Plan Funding

Revenue/Funding Description	Revenue 2019-2020	Proposed Expense	If Needed and Available	Total
	\$799,516			\$799,516
CDBG-CV Economic Development: BAP-CV		\$489,098	\$815,116	
CDBG Business Assistance Revolving Loan Fund		Up to \$235,992		
CDBG Business Assistance Program Income		Up to \$86,906		
Totals	\$799,516	\$811,996	\$815,116	\$799,516

Summary of 2020-21 Projected Additional Action Plan Funding

Revenue/Funding Description	Estimated 20-21 Revenue	If Needed and Available	
CDBG Business Assistance RL Fund	Carry Over FY 19	Carry Over from FY19	
CDBG Business Assistance Program Income	\$15,600	\$12,480	<i>80% of BAP PI</i>
Administration		\$3,120	<i>20% of BAP PI</i>
Totals	\$15,600	\$15,600	<i>(Plus any carryover if available and needed)</i>

Attachment 1: *Eligible CDBG-CV Activities to PREVENT, PREPARE FOR, and RESPOND to Covid-19*

Quick Guide to CDBG Eligible Activities to Support Coronavirus and Other Infectious Disease Response
REVISED April 6, 2020

Grantees should coordinate with local health authorities before undertaking any activity to support state or local pandemic response. Grantees may use Community Development Block Grant (CDBG) funds for a range of eligible activities that prevent and respond to the spread of infectious diseases such as the coronavirus.

Examples of Eligible Activities to Support Coronavirus and Other Infectious Disease Response

<i>For more information, refer to applicable sections of the Housing and Community Development Act of 1974 (for State CDBG Grantees) and CDBG regulations (for Entitlement CDBG grantees).</i>	
Buildings and Improvements, Including Public Facilities	
Acquisition, construction, reconstruction, or installation of public works, facilities, and site or other improvements. <i>See section 105(a)(2) (42 U.S.C. 5305(a)(2)); 24 CFR 570.201(c).</i>	Construct a facility for testing, diagnosis, or treatment.
	Rehabilitate a community facility to establish an infectious disease treatment clinic.
	Acquire and rehabilitate, or construct, a group living facility that may be used to centralize patients undergoing treatment.
Rehabilitation of buildings and improvements (including interim assistance). <i>See section 105(a)(4) (42 U.S.C. 5305(a)(4)); 24 CFR 570.201(f); 570.202(b).</i>	Rehabilitate a commercial building or closed school building to establish an infectious disease treatment clinic, e.g., by replacing the HVAC system.
	Acquire, and quickly rehabilitate (if necessary) a motel or hotel building to expand capacity of hospitals to accommodate isolation of patients during recovery.
	Make interim improvements to private properties to enable an individual patient to remain quarantined on a temporary basis.
Assistance to Businesses, including Special Economic Development Assistance	
Provision of assistance to private, for-profit entities, when appropriate to carry out an economic development project. <i>See section 105(a)(17) (42 U.S.C. 5305(a)(17)); 24 CFR 570.203(b).</i>	Provide grants or loans to support new businesses or business expansion to create jobs and manufacture medical supplies necessary to respond to infectious disease.
	Avoid job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low- and moderate-income persons.
Provision of assistance to microenterprises. <i>See section 105(a)(22) (42 U.S.C. 5305(a)(22)); 24 CFR 570.201(o).</i>	Provide technical assistance, grants, loans, and other financial assistance to establish, stabilize, and expand microenterprises that provide medical, food delivery, cleaning, and other services to support home health and quarantine.

Provision of New or Quantifiably Increased Public Services	
<p>Following enactment of the CARES Act¹, the public services cap² has no effect on CDBG-CV grants and no effect on FY 2019 and 2020 CDBG grant funds used for coronavirus efforts.</p> <p><i>See section 105(a)(8) (42 U.S.C. 5305(a)(8)); 24 CFR 570.201(e).</i></p>	Carry out job training to expand the pool of health care workers and technicians that are available to treat disease within a community.
	Provide testing, diagnosis or other services at a fixed or mobile location.
	Increase the capacity and availability of targeted health services for infectious disease response within existing health facilities.
	Provide equipment, supplies, and materials necessary to carry-out a public service.
	Deliver meals on wheels to quarantined individuals or individuals that need to maintain social distancing due to medical vulnerabilities.
Planning, Capacity Building, and Technical Assistance	
<p>States only: planning grants and planning only grants.</p> <p><i>See section 105(a)(12).</i></p>	Grant funds to units of general local government may be used for planning activities in conjunction with an activity, they may also be used for planning only as an activity. These activities must meet or demonstrate that they would meet a national objective. These activities are subject to the State's 20 percent administration, planning and technical assistance cap.
<p>States only: use a part of to support TA and capacity building.</p> <p><i>See section 106(d)(5) (42 U.S.C. 5306(d)(5)).</i></p>	Grant funds to units of general local government to hire technical assistance providers to deliver CDBG training to new subrecipients and local government departments that are administering CDBG funds for the first time to assist with infectious disease response. This activity is subject to the State's 3 percent administration, planning and technical assistance cap.
<p>Entitlement only: data gathering, studies, analysis, and preparation of plans and the identification of actions that will implement such plans. <i>See 24 CFR 570.205.</i></p>	Gather data and develop non-project specific emergency infectious disease response plans.

Planning Considerations

Infectious disease response conditions rapidly evolve and may require changes to the planned use of funds:

- CDBG grantees must amend their Consolidated Annual Action Plan (Con Plan) when there is a change to the allocation priorities or method of distribution of funds; an addition of an activity not described in the plan; or a change to the purpose, scope, location, or beneficiaries of an activity (24 CFR 91.505).
- If the changes meet the criteria for a "substantial amendment" in the grantee's citizen participation plan, the grantee must follow its citizen participation process for amendments (24 CFR 91.105 and 91.115).
- Under the CARES Act, CDBG grantees may amend citizen participation and Con Plans concurrently in order to establish and implement expedited procedures with a comment period of no less than 5-days.

Resources

The Department has technical assistance providers that may be available to assist grantees in their implementation of CDBG funds for activities to prevent or respond to the spread of infectious disease. Please contact your local CPD Field Office Director to request technical assistance from HUD staff or a TA provider.

- Submit your questions to: CPDQuestionsAnswered@hud.gov
- Coronavirus (COVID-19) Information and Resources: <https://www.hud.gov/coronavirus>
- CPD Program Guidance and Training: <https://www.hudexchange.info/program-support/>

¹ On March 27, 2020, President Trump approved the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136) (CARES Act). The CARES Act makes available \$5 billion in CDBG coronavirus response (CDBG-CV) funds to prevent, prepare for, and respond to coronavirus.

² Section 105(a)(8) of the HCD Act caps public service activities at 15 percent of most CDBG grants. Some grantees have a different percentage cap.

<https://files.hudexchange.info/resources/documents/Quick-Guide-CDBG-Infectious-Disease-Response.pdf>