



## City Council

**Date:** October 17, 2022

**To:** City Council

**Through:** Natalie Lewis, Deputy City Manager  
Ruth Giese, Community Services Director

**From:** Michelle Albanese, Housing and Community Development Director

**Subject:** Fourth Substantial Amendment to FY2019/2020 Annual Action Plan and Fifth Substantial Amendment to the 2015-2019 Five-Year Plan for Community Development Block Grant COVID (CDBG-CV)  
Council Districts: Citywide

### **Purpose and Recommendation**

This Substantial Amendment is brought forward to City Council to receive Community Development Block Grant COVID (“CDBG-CV”) funding awarded to the City of Mesa through the Coronavirus Aid, Recovery and Economic Security Act (“CARES Act”) in the amount of \$6,046,017, and to approve CDBG-CV funding recommendations for eligible programs to low-and moderate-low-income residents in Mesa impacted by the pandemic.

The purpose of this report is to request that City Council approve a Resolution approving the fourth Substantial Amendment to the FY 2019-2020 Annual Action Plan (“AAP”) and the fifth Substantial Amendment to the 2015-2019 Five-Year Consolidated Plan (“Consolidated Plan”) (collectively, the “Amendments”) for submittal to the U.S. Department of Housing and Urban Development (“HUD”), and authorizing the City Manager or his designated representative, to amend, sign, and submit the Amendments to HUD, and authorizing disbursement of funds received pursuant to the Amendments.

The City will receive \$6,046,017 in additional funding through the CDBG-CV program to allocate funding to eligible activities to assist persons impacted by COVID-19 to prevent, respond to, and mitigate the effects of COVID-19. These activities include emergency shelter services, homeless navigation and case management, rapid rehousing, and eviction prevention.

City staff is proposing City Council approve the Amendments allocating \$4,836,818.60 in CDBG-CV funds to non-profit agencies for eligible activities and \$1,209,203.40 to the City of Mesa for program administration as presented on Attachment A.

## **Background**

The City's Consolidated Plan identifies housing and community development priorities. The AAP for FY 2019/2020 contains the goals and strategies for the fiscal year, including specific activities recommended for funding through the CDBG, ESG, and HOME programs. These federal formula grant program funds are allocated annually to the City from HUD. The AAP is a formal application to HUD, made by the City, which describes the specific projects and activities that will take place during the FY 2019/2020 program year.

## **Regulatory Basis**

The AAP is required to be consistent with the Consolidated Plan, approved by City Council on April 20, 2015, which sets forth the City's objectives for the availability, accessibility, affordability, and sustainability of 1) decent housing; 2) a suitable living environment; and 3) economic opportunity. The AAP attempts to achieve these objectives through targeted efforts to address priority affordable housing, homeless, special needs, and community development (non-housing) issues.

24 CFR 91.505 requires the City of Mesa amend its approved Consolidated Plan whenever it plans to:

1. Make a change in its allocation priorities or a change in the method of distribution of funds;
2. Carry out an activity, using funds from any program covered by the Consolidated Plan, not previously described in the AAP; or
3. Change the purpose, scope, location, or beneficiaries of an activity.

The regulation further requires that the City identify in its Citizen Participation Plan the criteria used for determining what constitutes a substantial amendment. The City's approved Consolidated Plan notes that a substantial amendment will be necessary when there is a proposed change in activity, scope or funding that deviates significantly from the overall intent of the most recent Consolidated Plan. The proposed changes in the Amendment meet one of these criteria, thus requiring a substantial amendment.

## **Discussion**

The Amendments are necessary because City is:

1. Receiving CDBG-CV program funds through the CARES Act which are not included in the AAP and Consolidated Plan;
2. Proposing to allocate CDBG-CV- program funds to eligible activities to prevent, respond to, and mitigate impacts of COVID-19.

On April 9, 2020, HUD issued a waiver of flexibility for CDBG funds used to support COVID-19 response. HUD reduced the 30-day public comment period for substantial amendments to the Consolidated Plan and AAP to five days, which was updated in the Citizen Participation Plan.

The Amendments will be made available during a five-day Public Comment period prior to City Council approval on October 17, 2022, and any comments received will be included as attachment to the Amendments.

### **Fiscal Impact**

HUD requires a substantial amendment for both the Consolidated Plan and AAP in order to use \$6,046,017 of CDBG-CV funding for eligible programs and services. When the City Council approves a substantial amendment to an annual action plan, this is incorporated into the Consolidated Plan. The Consolidated Plan specifically needs to be amended in order to account for COVID-19 funding and activities, City staff is proposing a specific amendment to the Consolidated Plan in addition to the amendment to the AAP.

### **Alternatives**

Staff has identified alternatives regarding the Amendments.

1. Approve the Amendments – Approval of the Amendments and funding recommendations will allow the City to award CDBG-CV funds to eligible activities to prevent, respond to and mitigate impact of COVID-19.
2. Make changes to the funding recommendations – Make changes to the proposed funding recommendations for the use of CDBG-CV funds. This is permitted but would require completing a new substantial amendment to both the AAP and Consolidated Plan and publishing a public notice for public comment. This would delay the use of funds to address critical needs in the community, as a result of COVID-19.
3. Deny the funding recommendations and the Amendments – The Council could choose to deny the funding recommendations and Amendments. This alternative prevents the City of Mesa from receiving federal CDBG-CV funds from HUD for eligible activities.