



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** MAY 19, 2020

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** KENNETH A. DOMER, CITY MANAGER

**PREPARED BY:** MATT FOULKES, DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT  
KELLEE FRITZAL, DEPUTY DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT

**SUBJECT:** SUBSTANTIAL AMENDMENT TO CITIZEN PARTICIPATION PLAN AND FISCAL YEAR 2019-20 ANNUAL ACTION PLAN

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### **SUMMARY**

The City of Fullerton receives annual funding from the U.S. Department of Housing and Urban Development to carry out a wide range of community development activities benefitting low-income residents through the Community Development Block Grant (CDBG) Program fund. President Trump signed the Coronavirus Aid, Relief and Economic Security (CARES) Act making available \$5 billion in supplemental CDBG funding on March 27, 2020 to be used to prevent, prepare for and respond to COVID-19. The City of Fullerton will receive \$819,487 in CDBG-CV funds and must amend the Citizen Participation Plan and the FY 2019-20 Annual Action Plan as a condition of receipt of CARES funds.

### **RECOMMENDATION**

1. Approve the amended Citizen Participation Plan;
2. Approve the Draft Substantial Amendment to the 2019-20 Annual Action Plan and authorize Staff to submit the Plan to the U.S. Department of Housing and Urban Development requesting \$819,487 in Community Development Block Grant funding under the Coronavirus Aid, Relief, and Economic Security Act; and
3. Authorize the Director of Community and Economic Development, or his designee, to execute Community Development Block Grant (Coronavirus Aid, Relief, and

Economic Security Act) agreement with approved non-profit agencies and City Departments.

4. Authorize acceptance and appropriation for receipt and use of awarded CDBG funds.

#### PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Infrastructure and City Assets
- Fiscal and Organizational Stability.

#### FISCAL IMPACT

There is no fiscal impact to the General Fund. The activities approved through the Amended Action Plan are federally-funded. The City will receive \$819,487 in CDBG funds.

#### DISCUSSION

##### Citizen Participation Plan

The Citizen Participation Plan (CPP) was developed to encourage residents to participate in the allocation of Federal funds. As part of the CARES Act, HUD provided certain waivers and regulatory relief to ensure the funding could be expedited. The City's CPP is recommended to be amended to allow the public notice and comment period to be decreased to 5-days when amending the Annual Action Plan (AAP) during local, state or national emergency declarations. The public noticing and comment period is a time in which the public can review and comment on drafted versions of the Consolidated Plan, AAP or CPP. The amendment to decrease the public comment period from 30-days to 5-days during an emergency declaration enhances the City's ability to respond to emergencies, while still providing an opportunity for the public to comment on amendments to the Consolidated Plan and/or AAP.

##### CDBG-CV

These supplemental grants (CDBG-CV) are to be used to prevent, prepare for, and respond to COVID-19. Based on the impact of COVID-19, the following programs are recommended to be funded:

1. Job Creation/Retention through deferrable loans: and
2. Homeless Prevention through rental assistance: and
3. Food program

Due to COVID-19, the Country was forced to take precautions to stop the spread of the virus. To meet the Stay-at-Home Order and implement social distancing, all non-essential businesses had to close their doors and lay off employees. To keep small businesses operating after the lockdown and provide jobs, the CDBG-CV loans will be available to help small businesses recover.

The City is proposing two Small Business Assistance (SBA) Loan Programs through the CDBG-CV allocation, designed to stimulate economic growth and job creation. Working with the Small Business Development Center (SBDC), the City will provide low interest loans of up to \$25,000 to small businesses who hire (or re-hire) a minimum of 1 low-income worker. The first Jobs 1<sup>st</sup> program will focus on Micro-Businesses with 1 to 5 employees and the second loan program will be for businesses with up to 100 employees. Loans will be provided to Fullerton businesses that have had one of the following COVID related impacts: loss of 25% or more in revenue, closure due to non-essential business or loss of employees. The loan repayment will be deferred for up to one year and could be forgiven if the low-income worker is retained for one year. If approved, the program would be ready to launch in early June.

The City has many residents in need of assistance to avoid homelessness. To fulfill the prevention of homelessness, the City is proposing to work with Pathways of Hope, under which up to three months of services will be offered to qualified, low-income residents. This will include rental, utility or food assistance.

To satisfy the third component, ensuring persons of low-income or seniors have adequate nutrition during this time, the proposed Feed Fullerton program will work with both the senior and low-income population that is currently not receiving food assistance and will team with our local residents to deliver hot meals.

In summary, and in response to the circumstances resulting from COVID-19, the City is proposing programs for effected households by providing shelter/rental assistance and food programs. To keep small businesses operating after the lockdown and provide jobs, the CDBG-CV grant will also be used to help small businesses recuperate.

Homelessness Prevention Services	\$210,000
Feed Fullerton	\$85,000
Jobs First - Microenterprise Loans	\$250,000
Jobs First - Job Creation/Retention	\$250,000
Program Administration Costs	\$24,487

The Substantial Amendment also addresses Hart Community Homes, a CDBG-funded agency. Hart Community Homes operates the Monkey Business Café. Monkey Business Café was being funded as an economic development project. After a recent review, it was determined that the program was better categorized as a public service. To qualify as economic development, the agency would have to create and/or retain employees. It was discovered that each employee was being trained for a few months, but did not retain the position. It was determined that the program provided job training and is considered a public service.

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – Citizen Participation Plan Amendment
- Attachment 3 – Action Plan Amendment for FY 2019-20