



## Town Council Agenda Report

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Date: February 9, 2021 Item No. 5

To: Honorable Mayor and Town Council

Subject: CDBG-CV SUBSTANTIAL AMENDMENT TO THE 2020-2021 ACTION PLAN

From: Douglas Robertson, Town Manager

Submitted by: Silvia Urenda, Housing & Community Development Specialist

Budgeted Item:   N/A

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### RECOMMENDED ACTION

It is recommended that the Town of Apple Valley Council:

- A. Approve the Substantial Amendment to the 2020-2021 Annual Action Plan (“Action Plan”) by allocating \$678,423 in Community Development Block Grant Coronavirus (CDBG-CV) funds appropriated under the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, Public Law 116-136, for the U.S. Department of Housing and Urban Development (HUD) to activities that prevent, prepare for, and respond to Coronavirus (COVID-19).
- B. Authorize the Town Manager, or designee, to execute and transmit all necessary documents, including the Substantial Amendment to the Action Plan, and any additional amendments, to assure the Town’s timely expenditure of CDBG-CV funds.

### BACKGROUND

On March 27, 2020, the president of the United States signed into law the CARES Act which appropriated approximately \$2.2 trillion to various programs to prevent, prepare for, and respond to the COVID-19 pandemic. Through this enactment, \$5 billion dollars were appropriated in CDBG-CV funds to be allocated amongst various jurisdictions, including direct entitlements of CDBG funds, to effectively address the impact of COVID-19, especially for low- and moderate-income persons. Although the CDBG-CV funds are separate and distinct from the Town’s CDBG funds, they must still comply with the regulations under 2 CFR § 200, 24 CFR § 570 and the flexibilities identified in the CARES Act and the Federal Register Notice (FRN) 6218-N-01.

In accordance with the Town’s Citizen Participation Plan and the requirements of the CARES Act and FRN, a Substantial Amendment to the 2020-2021 Action Plan is required to be completed for the Town to receive its allocation of CDBG-CV funds.

**ANALYSIS**

The distribution of CDBG-CV funds must be directed to activities that prevent, prepare for, and respond to COVID-19. In consultation with the Town Council and departments, the Housing and Community Development Department is proposing the following distribution of CDBG-CV funds for Town Council approval.

Activity Name	Proposed Allocation
Emergency Business Assistance Program	\$542,739
CDBG-CV Administration	\$135,684
<b>Total</b>	<b>\$678,423</b>

Emergency Business Assistance Program

The Emergency Business Assistance Program (EBAP) proposes to provide eligible small businesses adversely impacted by COVID with financial assistance in the form of a grant. The grant funds will be provided on a reimbursement basis and will be eligible to provide support to businesses for payroll, rent, personal protective equipment (PPE), and other costs required to resume or expand business operations. The program will meet the benefit to low- and moderate-income persons national objective by creating and or retaining jobs.

CDBG-CV Administration

The CDBG-CV program requires each Grantee to administer the CDBG-CV grant and undertake projects, programs, and activities in compliance with the regulations and requirements listed above. Under the CDBG-CV program, each Grantee is allowed to allocate up to 20% of the CDBG-CV award for administration services. The Housing and Community Development Department is proposing to allocate the full 20% to go towards preparing all required Substantial Amendments, Environmental Reviews, staff salaries, professional services, notice/publishing, advertisement/marketing, materials and supplies and completion of HUD reporting requirements.

**FISCAL IMPACT**

The proposed changes will add \$678,423 of CDBG-CV funds to the Town’s budget to fund activities that will prevent, prepare for, and respond to COVID. Since the CDBG-CV program has a separate expenditure requirement from that of the CDBG program, the Housing and Community Development Department is proposing to create a new Account Fund (XXX) for the CDBG-CV program to be incorporated into the Town’s budget. Town

Council's approval of the recommended actions adopts the Substantial Amendment to the Action Plan, thereby allocating those resources into the CDBG-CV program budget.