



# City Council Memorandum

*City of Arts & Innovation*

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**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: MARCH 2, 2021**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT**      **WARDS: ALL**  
**DEPARTMENT**

**SUBJECT: PROPOSED AMENDMENT OPTIONS TO THE CITY OF RIVERSIDE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT 2019-2020 ANNUAL ACTION PLAN FOR THE USE OF COMMUNITY DEVELOPMENT BLOCK GRANT CARES ACT FUNDING**

## **ISSUES:**

Receive and file a status update on the current 2019-2020 Community Development Block Grant CARES Act Agreement with the United Way of the Inland Valleys for the Microenterprise Business Grant Assistance Program; discuss possible amendments to utilize the current CARES Act funding in the most efficient manner by providing eligible options for funding other priority urgent community needs as a result of the COVID-19 pandemic; and approve an amendment to the 2019-2020 U.S. Department of Housing and Urban Development Annual Action Plan to create and fund a Food Resiliency program.

## **RECOMMENDATIONS:**

That the City Council:

1. Select one of three options discussed in this report with consideration to the best use of CARES Act funding for the most current needs of the community during this pandemic;
2. Authorize the City Manager, or his designee, to execute the Amendment to the Memorandum of Understanding with the Community & Economic Development Department for the 2019-2020 Food Resiliency program, including making minor non-substantive changes, and to sign all documents and instruments necessary to implement this action.
3. Provide further direction to staff on small business support and COVID-19 recovery efforts.

## **BACKGROUND:**

On May 26, 2020, City Council approved the allocation of the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) CARES Act funding

in the amount of approximately \$1.4 million to the United Way of the Inland Valleys (UWIV) in support of the Microenterprise Business Grant Assistance Program. The United Way has worked diligently along with City of Riverside staff to ensure the success of the Microenterprise Business Grant Assistance Program. Without urgent relief and capital injections, small businesses faced the risk of using their reserve funding, losing employees, and/or eventually closing permanently. As an agency, the UWIV stepped up to assist with a program that had not previously been implemented with HUD CDBG funding, and therefore faced its own challenges. The focus of the program was to support struggling small businesses with one-time grants in the face of the COVID-19 Pandemic. To date, UWIV has assisted 59 businesses with \$416,250 in funding. Both the City of Riverside and the UWIV have exhausted all marketing and outreach efforts to help as many small businesses as permitted by the strict eligibility requirements.

A community survey released in July 2020, prior to the City's receipt of approximately \$28 million in CARES Act funding to address the COVID-19 pandemic, ranked food as one of the top three needs in the community. Childcare, Distance Learning, and Small Businesses followed closely behind. To date, approximately \$1.2 million has been spent on Distance Learning, approximately \$3 million on Food, and approximately \$5.6 million on Business Support.

## **DISCUSSION:**

During the early stages of the pandemic, the City received additional funding through its HUD CDBG entitlement grant for COVID-19 response. Once the Governor's Stay at Home order was issued, local businesses began facing several obstacles. The need to sustain their employees or simply keep their doors open became critical. As a result, the additional funds were allocated to a business support program. Just as the COVID-19 Pandemic presented an urgent need for the local support of businesses, it also presented other urgent needs throughout the community as well.

During the onset of the pandemic, one of the first needs that was identified was the need for food for our community's senior population and our families. The senior population was identified as significantly vulnerable to the virus and many local grocers established specific hours for seniors to safely shop for groceries. The need was extensive, and many seniors were unable to leave their homes. Programs such as the Parks, Recreation and Community Services Department Senior Grad & Go become impacted as more seniors needed assistance. Upon receipt of CARES Act funding, the City created a program to deliver food directly to homes of seniors. From day one, the calls to register were very high and the program was able to serve about 600 seniors. Recently, the following stimulus funding amounts have become available to support these urgent needs:

Rental/Utility Assistance-Federal-Emergency Rental Assistance Grant fund received to provide rental assistance and utilities to qualified renters who have been financially impacted by COVID.	\$9,851,908
Rental/Utility Assistance State-State Rental Assistance block grant allocation funds have been earmarked for the City to reimburse landlords up to 80% of outstanding rent for eligible households and 25% of forward rent for April 2021 to June 2021 in addition to utility assistance.	\$10,603,040
Third Round CDBG CARES Act Funding.	\$2,047,949

As a surge in other funding sources have been made available to support urgent needs for local businesses, Food Resiliency, pantries, and/or food for seniors has not been provided the same level of support. We continue to receive calls from seniors inquiring if any new programs have been implemented. Like the seniors, many families in our community also faced food insecurity. With a loss of income, we learned many families had to make tough decisions between paying bills and purchasing food. The community food distributions illustrate the demand for food as most of them had lines of cars that covered several blocks. Food pantries have served an incredible role in helping to feed our community but are also facing challenges with maintaining sufficient food to provide for the demand. The need for food for nutritious and healthy food continues to be significant with no indication this will improve soon.

Based on the factors discussed above, staff is recommending the City Council select one of the following three viable options with consideration to the best use of CARES Act funding for the most current pressing needs of the community during this pandemic:

1. Option 1: The program remains status quo. All monies will remain in the microenterprise program. The current cycle would be closed with a future end date so that interested businesses with an incomplete application could complete their application. At a later date a new cycle of grants would be advertised, providing a second launch to the program. To date The UWIV and City staff have provided extensive outreach and support as much as possible to generate new business interest. That resulted in approximately 10-15 applications submitted weekly. However, recently those numbers have been reduced to 1-2 a week.
2. Option 2: The program receives a reduction in funding of \$270,000. A reduction in this amount would allow UWIV to potentially fund all remaining applications in process. Should not all applications qualify it is possible that the program receives a larger reduction. The reduced funding amount would be reprogrammed to the City's Food Resiliency program. This option is considered a substantial amendment and would therefor require an amendment to the 19-20 HUD Annual Action Plan.
3. Option 3: Reprogram all of the unspent allocation, a total of approximately \$1 million, to the City's food resiliency program. This option would be problematic to the program as it would eliminate the funding to businesses that may currently be in process. Reprogramming all funds would jeopardize those applications who may be deemed eligible. This option is also considered a substantial amendment and would require an amendment to the 19-20 HUD Annual Action Plan.

### **FISCAL IMPACT:**

As outlined in the table below, the total fiscal impact of the action will be based on the option selected by City Council. Any amounts approved for reallocation will be transferred to the CDBG Unprogrammed Funds account so funds can be repurposed and used for eligible CARES Act CDBG Projects. There is no additional fiscal impact.

	<b>Option #1</b> Maintain Current Microenterprise Funding	<b>Option #2</b> Reduce Microenterprise Funding to UWIV projected budget	<b>Option #3</b> Reduce Microenterprise Funding to the used budget
UWIV Microenterprise Allocation	\$1,496,717	\$1,226,717	\$416,250
Available to be reallocated	\$0	\$270,000	\$1,080,467

Prepared by	David Welch, Community & Economic Development Director
Certified as to availability of funds:	Edward Enriquez, Chief Financial Officer / City Treasurer
Approved by	Rafael Guzman, Assistant City Manager
Approved as to form:	Kristi J. Smith, Interim City Attorney

Attachment:                      Presentation