

City of Phoenix

Substantial Amendment to the 2019-2020 Annual Action Plan

Background

The City of Phoenix Annual Action Plan details the funding strategy for the Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), HOME Investment Partnership (HOME), and Housing Opportunities for Persons with AIDS (HOPWA) programs. Additionally, the Annual Action Plan describes how funds will be used to address the priorities and goals outlined in the 2015-2020 Consolidated Plan.

The City's Citizen Participation Plan (CPP) describes the efforts that the City will take to encourage its residents to participate in developing these plans. It also provides requirements for public process when a "substantial amendment" to the Annual Action Plan is proposed. The following changes constitute a substantial amendment and require public notice as described in the CPP:

- Any single change in the planned actual use of CDBG, ESG, HOME and HOPWA funds, as stated in the consolidated plan annual action plan, which exceeds 20 percent of the City of Phoenix's annual entitlement amount, or
- Any collective change in the planned or actual use of CDBG, ESG, HOME and HOPWA Funds that when accumulated for a new use or adding funds to an existing use, exceeds 20 percent of the City of Phoenix's annual entitlement amount

Proposed Substantial Amendment

The City is proposing the following amendments: 1) to add allocations authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, enacted on March 27, 2020, for the purposes of preventing, preparing for, and responding to the growing effects of the coronavirus (COVID-19) public health crisis and allocate prior year funds to support these efforts and; 2) waive the 15% Public Services Cap for 2019 CDBG funds and; 3) Implement the HOME Investment Partnership Program waiver that allows an increase to the 10 % administrative and planning cap to a 25% cap as authorized by the CPD memo dated April 10, 2020. Additionally, the CARES Act allows the City of Phoenix to be reimbursed for COVID-19 response activities regardless of the date the costs were incurred. The following outlines how the City of Phoenix intends to utilize these funds and waivers to prevent, prepare for, and respond to the COVID-19 national pandemic:

1. Add allocations authorized by the CARES Act (Reference Table-1 in Attachment A):
 - a. Add the CDBG-CV allocation of \$9,820,880 and up to \$1,000,000 of CDBG prior year funds to support the following activities:
 - Homeless Support
\$4,000,000 will be used to prevent, prepare for, and respond to the coronavirus pandemic amongst individuals and families who are homeless or receiving homeless assistance; and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts of COVID-19.
 - Microenterprise Grants and/or Loans
\$2,000,000 will be used to assist microenterprises who have five or fewer

employees, that have been impacted by the COVID-19 public health crisis, by providing funding for lost revenue, the provision of goods or services, or to support changing/updating business models in light of COVID-19.

- Non-Profit Public Service Grants and/or Loans
\$2,000,000 will be used to assist local non-profit organizations with funding to provide goods or services related to COVID-19 or provide existing community needs with a different business model as a result of the COVID-19 public health crisis.
 - Shelter in Place
\$1,000,000 of CDBG-CV funds and up to \$1,000,000 of CDBG prior year funds, will be used to provide Owner Occupied Rehabilitation services to support low-to moderate- income residents shelter in place in support of the COVID-19 social distancing requirements. Additionally, these funds may also be considered for the acquisition of a property to support shelter in place needs as a more long-term response to the COVID-19 public health crisis.
 - Administration, Planning, and Coordination
\$820,880 will be used for the purposes of program administration, planning and coordination as it relates to the CDBG-CV allocation.
- b.** Add the ESG-CV allocation of \$4,975,762. This allocation will support the following activities:
- Homeless Support
\$4,975,762 will be used to prevent, prepare for, and respond to the coronavirus pandemic among individuals and families who are homeless or receiving homeless assistance; and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts of COVID-19.
- c.** Add the HOPWA-CV allocation of \$440,505. This allocation will support the following activities:
- Tenant-Based Rental Assistance (TBRA)
\$314,075 will be used to provide rental assistance to persons living with HIV/AIDS to address the needs of this population during the COVID-19 national pandemic.
 - Short-Term Rent, Mortgage, and Utility (STRMU) Assistance
\$100,000 will be used to provide eviction and mortgage foreclosure prevention and utility disconnection prevention to persons living with HIV/AIDS to address the needs of this population during the COVID-19 national pandemic.
 - Administration
\$26,430 will be used for the purposes of HOPWA-CV program administration
- 2.** Waive 15% Public Services Cap for 2019 CDBG funds (Reference Table-2 in Attachment A).
- 3.** Implement the HOME Investment Partnerships waiver that allows an increase to the 10 % administrative and planning cap to a 25% cap as authorized by the CPD memo dated April 10, 2020 (Reference Table-3 in Attachment A).

Analysis

This proposal qualifies as a substantial amendment based on the following criteria:

Any collective change in the planned or actual use of CDBG and ESG Funds that when accumulated for a new use or adding funds to an existing use, exceeds 20 percent of the City of Phoenix's annual entitlement amount

The addition of the allocations authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) exceed 20% of the City's 2019 CDBG and ESG entitlement amounts. The HOME and HOPWA funding revisions included in this Substantial Amendment did not exceed the 20 percent threshold. However, HOME revisions were prompted by the COVID-19 CPD memo dated April 10, 2020 and HOPWA revisions were prompted by the HOPWA-CV CARES Act allocation.

Public Process

As part of the CARES Act, HUD approved an abbreviated process to allow flexibility to institute more streamlined requirements to address immediate needs relative to the coronavirus.

The HUD abbreviated process includes the following:

- The reduction of the 30-day public comment period and the implementation of a public comment period of no less than 5 days in an effort to expedite the consolidated plan substantial amendment process and allow the City to respond as quickly as possible to the immediate needs in the community.
- The elimination of the in-person public hearings and the implementation of virtual public hearings when 1) national and or local health authorities recommend social distancing and limiting public gatherings for public health reasons; and 2) virtual hearings provide reasonable notification and access for citizens in accordance with Phoenix' certifications, timely responses from local officials to all citizen questions and issues, and public access to all questions and responses.

The City of Phoenix published a 5-day comment period and public hearing notice in the Arizona Republic as part of the CPP requirements. Additionally, a virtual public hearing will be held to provide an opportunity for public comment:

- May 6, 2020 – Phoenix City Council Formal Meeting, 2:30pm, streamed live at phoenix.gov or Phoenix Channel 11, or call and listen to the meeting by following the instruction listed at:
<https://www.phoenix.gov/cityclerk/publicmeetings/city-council-meetings>

Comments may also be provided to Jessica Gonzalez, Grants Administrator, by email or phone at jessica.gonzalez@phoenix.gov, or 602-262-4834.

Attachment A

Table-1: Add allocations authorized by the CARES Act

| Fund | Total Allocation | Proposed Activities | Proposed Activity Allocations |
|-----------------------|---------------------|--|-------------------------------|
| CDBG-CV | \$9,820,880 | Homeless Support | \$4,000,000 |
| CDBG Prior Year Funds | \$1,000,000 | Microenterprise Grants and/or Loans | \$2,000,000 |
| | | Non-Profit Grants and/or Loans | \$2,000,000 |
| | | Shelter in Place | \$2,000,000 |
| | | Owner Occupied Rehabilitation | |
| | | Acquisition | |
| | | Planning, Capacity Building and | \$ 820,880 |
| | | Technical Assistance | |
| Total | \$10,820,880 | | \$10,820,880 |
| <hr/> | | | |
| ESG-CV | \$4,975,762 | Homeless Support | \$4,975,762 |
| <hr/> | | | |
| HOPWA-CV | \$440,505 | Tenant Based Rental Assistance (TBRA) | \$ 314,075 |
| | | Short-Term Rent, Mortgage, and Utility | \$ 100,000 |
| | | (STRMU) Assistance | |
| | | Administration | \$ 26,430 |
| Total | | | \$, 440,505 |

Table-2: Waive the 15% Public Services Cap for 2019 CDBG funds

| Fund | Total Allocation | 15% Public Services Cap |
|------|------------------|-------------------------|
| CDBG | \$16,422,095 | \$2,461,391 |

Table-3: Implement the HOME Investment Partnerships waiver that allows an increase to the 10 % administrative and planning cap to a 25% cap as authorized by the CPD memo dated April 10, 2020.

| Fund | 10% Admin Cap (Current) | 25% Admin Cap (Proposed) |
|------|-------------------------|--------------------------|
| HOME | \$552,241 | \$1,380,603* |

A reduction to Annual Action Plan Project 29 (found in section AP 55) was made to accommodate 25% Admin Cap increase.