

CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA



Agenda Date:	June 7, 2021
Action Required:	Resolution
Presenter:	Erin Atak, Grants Coordinator
Staff Contacts:	Erin Atak, Grants Coordinator
Title:	FY 2021-2022 Community Development Block Grant Budget Amendment

Background:

This agenda item includes a corrected appropriation for the Community Development Block Grant (CDBG) funds to be received by the City of Charlottesville from the U.S. Department of Housing and Urban Development (HUD).

Discussion:

In Fall 2020, the City of Charlottesville advertised a Request for Proposals (RFP) based on the priorities set by Council on September 21, 2020. The priorities were for affordable housing (priority for persons who are 0-50 percent AMI, including but not limited to low income housing redevelopment), support for the homelessness and those at risk of homelessness, workforce development (including but not limited to efforts to bolster section 3 training opportunities and partnerships with the City's GO programs, support for programs that aid in self-sufficiency, including but not limited to quality childcare), microenterprise assistance, and mental health and substance abuse services.

In November 2020, the CDBG/HOME Task Force reviewed and recommended housing and public service projects for funding and the Strategic Action Team reviewed and recommended economic development projects for funding. Later, on May 3rd 2021, City Council reviewed and approved the CDBG and HOME budget for the 2021-2022 HUD Annual Action plan submittal.

On May 13, 2021, the City received a corrected notice from HUD regarding the CDBG program. HUD had discovered an error in the formula calculation for the CDBG programs stemming from issues at HUD field offices in the Office of Community Planning and Development. A correction to the entitlement award has been issued, resulting a minor increase in the City's CDBG allocation, an amount totaling \$6,265.00 for FY 2021.

In accordance with the CDBG/HOME Citizen Participation Plan, staff reviewed and made changes to the new CDBG award. It is important to note that no additional funds will be awarded to subrecipients who have received full funding requests for CDBG. Likewise, note that no additional funding will be awarded to subrecipients with open account balances in the FY2020-2021 CDBG

program in accordance with HUD's Timeliness Code of Federal Regulations: 24 CFR 570.902(a). The revised CDBG budget was advertised for three days under the expedited public notice waiver between May 21st and May 25th, 2021. The full action plan can be viewed on the City Website through the following [link](#). Tonight's budget revision will correct the 2021-2022 Annual Action Plan submission for HUD review.

Community Engagement:

A request for proposals was held for housing, economic development, public facilities, and public service programs. Applications received were reviewed by the CDBG Task Force or SAT. Priority Neighborhood recommendations will be made by members who serve on the Priority Neighborhood Task Force. On November 12, 2020, the proposed FY 20-21 CDBG and HOME budget came before the CDBG/HOME Taskforce for discussion. The Thomas Jefferson Planning District Commission held a virtual public hearing on May 6, 2021 for the CDBG and HOME budget/action plan and an additional virtual public hearing was held by Charlottesville City Council on May 3, 2021.

The Action Plan was advertised for a thirty-day comment period (March 30 – April 30, 2021) before being sent to HUD for approval. The Action Plan was sent to Charlottesville Neighborhood community members for comment. The Housing Directors Council had an opportunity to make comments on the Action Plan virtually during the thirty-day comment period. Comments received from Housing Directors were incorporated into the Action Plan.

The corrected CDBG budget was re-advertised from May 21, 2021 to May 25, 2021 under an expedited HUD public comment waiver.

Alignment with City Council's Vision and Strategic Plan:

Approval of this agenda item aligns directly with Council's vision for Charlottesville to have **Economic Sustainability, A Center for Lifelong Learning, Quality Housing Opportunities for All, and A Connected Community**. It contributes to variety of Strategic Plan Goals and Objectives including: Goal 1: Inclusive, Self-sufficient Community; Goal 3: Beautiful Environment; Goal 4: Strong, Diversified Economy; and Goal 5: Responsive Organization.

Budgetary Impact:

No budgetary impact.

Recommendation:

Staff recommends approval of the FY2021-2022 CDBG budget.

Alternatives:

No alternatives are proposed.

Attachments:

Resolution: CDBG Budget Amendment FY2021-2022

HUD Correspondence – Correction Notice

HUD Correspondence – Citizen Participation Waiver

**RESOLUTION
THE CITY OF CHARLOTTESVILLE’S 2021-2022
AMENDMENT TO COMMUNITY DEVELOPMENT BLOCK GRANT ACCOUNT**

WHEREAS, the City of Charlottesville has been advised of the approval by the U.S Department of Housing and Urban Development of a Community Development Block Grant (CDBG) for the 2021-2022 fiscal year in the total amount of \$427,176 from HUD, dated February 25, 2021, and;

WHEREAS, City Council has received recommendations for the expenditure of funds from the CDBG/HOME Taskforce, the SAT; and has conducted a public hearing thereon as provided by law;

WHEREAS, the City of Charlottesville has been notified of the formula calculation error of the Community Development Block Grant (CDBG) program stemming from HUD field offices, dated May 13, 2021, with the corrected entitlement of \$433,471;

BE IT RESOLVED by the City Council of Charlottesville, Virginia, that the sums hereinafter set forth are hereby appropriated from funds received from the aforesaid grant to the following individual expenditure accounts in the Community Development Block Grant Funds for the respective purposes set forth; provided, however, that the City Manager is hereby authorized to transfer funds between among such individual accounts as circumstances may require, to the extent permitted by applicable federal grant regulations.

Fund	Account Code	Purpose	Proposed Revised Addition	Proposed Revised Appropriation
218		Ridge Street Priority Neighborhood	\$5,036.00	\$161,283.20
218		Administrative and Planning (20% Entitlement Award)	\$1,259.00	\$86,694.20

Approved by Council
June 7, 2021

Kyna Thomas, CMC
Clerk of Council

2021-2022 CDBG and HOME BUDGET ALLOCATIONS
RECOMMENDED BY CDBG/HOME TASK FORCE and SAT: 11/12/2020
RECOMMENDED BY PLANNING COMMISSION: 12/8/2020
APPROVED BY CITY COUNCIL: 1/19/2021
HUD CORRECTION: 5/13/2021
REVISED BUDGET:

A. PRIORITY NEIGHBORHOOD	
A. Ridge Street Priority Neighborhood	\$161,283.20*
B. ECONOMIC DEVELOPMENT PROJECTS	
A. Community Investment Collaborative – Financial Management Program	\$32,056.28
B. Local Energy Alliance Program – Workforce Development	\$29,238.00
ECONOMIC DEVELOPMENT TOTAL:	\$61,294.28
C. PUBLIC SERVICE PROJECTS	
A. Public Housing Association of Residents – Resident Involved Redevelopment	\$34,000.00
B. Literacy Volunteers – Workforce Development Tutoring	\$25,000.00
SOCIAL PROGRAMS TOTAL:	\$59,000.00 (15% EN)
D. HOUSING PROJECTS	
A. Local Energy Alliance Program – Assisted Home Performance	\$65,199.32
HOUSING PROGRAMS TOTAL:	\$65,199.32
E. ADMINISTRATION AND PLANNING:	
A. Admin and Planning	\$86,694.20 (20% EN)
	GRAND TOTAL: \$433,471
	ESTIMATED NEW ENTITLEMENT AMOUNT: \$433,471

* Funding includes reprogrammed funds

2021-2022 HOME BUDGET ALLOCATIONS

A. AHIP – Homeowner Rehab	\$37,352.00*
B. Habitat for Humanity – Down Payment Assistance	\$24,000.00*
C. LEAP – Assisted Home Performance	\$23,224.88*
	TOTAL: \$84,576.88
	ENTITLEMENT AMOUNT: \$84,576.88
	ESTIMATED EN AVAILABLE AFTER PI APPLIED: \$0.00
	LOCAL MATCH: \$21,144.22

* Includes estimated EN available after program income applied



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

May 13, 2021

The Honorable Nikuyah Walker
Mayor of Charlottesville
P.O. Box 911
City Hall
Charlottesville, VA 22902

Dear Mayor Walker:

I am pleased to inform you of your jurisdiction's Fiscal Year (FY) 2021 allocations for the Office of Community Planning and Development's (CPD) formula programs, which provide funding for housing, community and economic development activities, and assistance for low- and moderate-income persons and special needs populations across the country. Public Law 116-260 includes FY 2021 funding for these programs. Please note that this letter reflects a revised amount for the Community Development Block Grant and Section 108 borrowing authority. Your jurisdiction's FY 2021 available amounts are as follows:

Community Development Block Grant (CDBG)	\$433,471
Recovery Housing Program (RHP)	\$0
HOME Investment Partnerships (HOME)	\$676,615
Housing Opportunities for Persons With AIDS (HOPWA)	\$0
Emergency Solutions Grant (ESG)	\$0

Individuals and families across the country are struggling in the face of four converging crises: the COVID-19 pandemic, the resulting economic crisis, climate change, and racial inequity. Through these bedrock programs, CPD seeks to develop strong communities by promoting integrated approaches that provide decent housing and suitable living environments while expanding economic opportunities for low- and moderate-income and special needs populations, including people living with HIV/AIDS. We urge grantees to strategically plan the disbursement of grant funds to provide relief for those affected by these converging crises and help move our country toward a robust recovery.

Based on your jurisdiction's CDBG allocation for this year, you also have \$2,167,355 in available Section 108 borrowing authority. Since Section 108 loans are federally guaranteed, this program can leverage your jurisdiction's existing CDBG funding to access low-interest, long-term financing to invest in Opportunity Zones or other target areas in your jurisdiction.

HUD continues to emphasize the importance of effective performance measurements in all its formula grant programs. Proper reporting in the Integrated Disbursement and Information System (IDIS) is critical to ensure grantees comply with program requirements and policies, provide demographic and income information about the persons that benefited from a community's

activities, and participate in HUD-directed grantee monitoring. Your ongoing attention to ensuring complete and accurate reporting of performance measurement data continues to be an invaluable resource with regard to the impact of these formula grant programs.

The Office of Community Planning and Development is looking forward to working with you to promote simple steps that will enhance the performance of these critical programs and successfully meet the challenges that our communities face. If you or any member of your staff have questions, please contact your local CPD Office Director.

Sincerely,

A handwritten signature in blue ink, appearing to read "James", with a stylized flourish extending to the right.

James Arthur Jemison II
Principal Deputy Assistant Secretary
for Community Planning and Development



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

MEMORANDUM FOR: All Community Planning and Development Field Office Directors, Deputy Directors and Program Managers

FROM: James Arthur Jemison, II, Principal Deputy Assistant Secretary, D

SUBJECT: Availability of a Waiver for Community Development Block Grant Program and Consolidated Plan Requirements to Facilitate the Incorporation of Increased Funding as a Result of an Allocation Error for FY 2021

PURPOSE:

This memorandum explains the availability of a waiver of certain regulatory requirements associated with the Community Development Block Grant (CDBG) program to address an error in the Fiscal Year (FY) 2021 allocation. The error affects all FY 2021 CDBG grants except for Insular Area grants, resulting in an increase in the amounts previously allocated and announced. CPD Field Office Directors, Deputy Directors, and Program Managers are instructed to inform CPD grantees operating within their jurisdictions of the content of this memorandum.

WAIVER AUTHORITY:

In accordance with 24 CFR 5.110, HUD may, upon a determination of good cause and subject to statutory limitations, waive regulatory provisions. Additional regulatory waiver authority is provided in 24 CFR 91.600. These provisions provide HUD the authority to make waiver determinations for the CDBG program. To eliminate further delays and expedite grantees' ability to incorporate the increase in funding caused by the FY 2021 allocation error that affects all CDBG grant recipients, except for Insular Area grantees, I hereby find good cause to provide the regulatory waivers below. Provisions that are not specifically waived remain fully effective.

WAIVER AVAILABILITY:

1. Citizen Participation Public Comment Period for Fiscal Year (FY) 2021 Consolidated Plan and Consolidated Plan Amendments

Requirement: 30-day Public Comment Period

Citations: 24 CFR 91.105(b)(4), (c)(2), and (k); 24 CFR 91.115(b)(4), (c)(2), and (i); and 24 CFR 91.401

Explanation: There was an error in the announced FY 2021 CDBG formula allocations, causing all CDBG grants, except Insular Area grants, to be less than what should have been allocated by formula. This error has been corrected, and updated CDBG FY

2021 allocations will be posted and transmitted to grantees. Grantees are required to follow their citizen participation plan to make an amendment to their action plan to reflect the increased grant allocation. The development of the consolidated plan is subject to the citizen participation process set forth in the grantee's citizen participation plan. A CPD grantee may also amend an approved consolidated plan in accordance with 24 CFR 91.505. Substantial amendments to the consolidated plan, such as the addition of new activities or a change in the use of grant funds from one eligible activity to another, are also subject to the citizen participation process in the grantee's citizen participation plan. The citizen participation plan must provide citizens with 30 days to comment on draft consolidated plans and substantial amendments.

Justification: Given the need to expedite actions to respond to the allocation error, HUD waives 24 CFR 91.105(b)(4), (c)(2), and (k) for local governments, 91.115(b)(4), (c)(2), and (i) for states, and 91.401 for consortia, and reduces the public comment period for grantees preparing FY 2021 Plans, amendments thereto, and amendments to prior year plans from 30 days to no less than three days. The provisions at 24 CFR 91.105(k) and 24 CFR 91.115(i), which require grantees to follow their citizen participation plans, are waived only to the extent that they allow grantees to change their public comment periods. Grantees must continue to follow their citizen participation plans otherwise. In reducing the comment period to three days, HUD is balancing the need to quickly assist communities while continuing to provide reasonable notice and opportunity for citizens to comment on the proposed uses of CDBG funds.

Applicability: This authority is in effect through August 16, 2021 and is limited to facilitating preparation of the grantee's FY 2021 Consolidated Plan or Annual Action Plan and FY 2021 Plan substantial amendments.

ADDITIONAL INFORMATION:

Due to the ongoing coronavirus pandemic, grantees and citizens may be concerned about significant public health risks that may result from in-person public hearings. The public hearing requirement is statutory and cannot be waived; however, CPD is interpreting public hearings to include virtual public hearings (alone, or in concert with an in-person hearing) if it allows questions in real time, with answers coming directly from the elected representatives to all "attendees." HUD understands the exigencies of a public health challenge and will work with grantees who make the effort to comply with citizen participation requirements and document their efforts.

If you, or any member of your staff, have any questions concerning this memorandum, you may contact the following persons regarding the waiver: James E. Höemann, Director, OBGA Entitlement Communities Division at (202) 708-1577; Robert C. Peterson, Director, OBGA State and Small Cities Division at (202) 708-1322.