

AMENDMENT AND RENOTICE TO

Public Notice

Proposed Substantial Amendment to Reallocate Community Development Block Grant COVID (CDBG-CV) Funding

Public Notice is hereby given that the Council of the City of Chattanooga will consider an amendment to the City's 2019-2020 Action Plan to reallocate Community Development Block Grant Coronavirus (CDBG-CV) funds.

In response to combating the effects of COVID-19, the U.S. Department of Housing and Urban Development (HUD) allocated Community Development Block Grant COVID (CDBG-CV) funds to eligible communities. The City of Chattanooga received \$2,387,672 of which \$1,448,742 was allocated for the acquisition, rehabilitation, and operation of a motel or hotel building to enable individuals and families to be housed and safely quarantined. The balance of \$938,930, was budgeted for other emergency assistance programs to help keep families housed.

Amendment – Reallocate ~~\$1,000,000.00~~ \$1,448,742.00

To ensure the funding is used in a timely manner, the City is proposing to reallocate ~~one million dollars (\$1,000,000)~~ **\$1,448,782.00** to address other local needs by making the funding available for any other Community Development Block Grant Coronavirus (CDBG-CV) eligible activities through a Request for Qualifications or Proposals Process.

Amendments to Plans

To accommodate this change, the City is amending its FY 2019 -2020 Action Plan in accordance with 24 CFR 91.05(c)(2) and subpart B of the federal regulations.

Public Comment Period and Process

For CDBG funding under the CARES Act, HUD provided a waiver for a reduction in the required public comment period. **The City is accepting comments on this proposed amendment for a 5-day period beginning Monday, April 3, 2023, and ending at 4:40 p.m. on Friday, April 7, 2023.** Via the following link, a summary of the amendment and the information on eligible uses of the funds are available: <https://chattanooga.gov/economic-development/public-announcements>

Citizens wishing to submit comments regarding the amendment, may e-mail them to:

Sgober@chattanooga.gov. Comments can also be made by phone at: (423)643-7332 between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday or, be mailed, postmarked no later than April 7, 2023, to the following:

City of Chattanooga
Attention: Sandra Gober
Department of Economic Development
101 E. 11th Street, Suite 200
Chattanooga, TN 37402



March 27, 2023

City Of Chattanooga

Department of Economic Development

Housing & Community Investment Division

Summary of Proposed CDBG Substantial Amendment to the 2019-2020 Annual Action Plan

Impacted Funding and Plan

- Community Development Block Grant Coronavirus (CDBG-CV)
Reallocation of \$1,448,742.00 from one eligible use to other eligible uses.
- FY 2019 - 2020 Action Plan
Amendment to reflect reallocation

Amendment Summary

In response to the Coronavirus Pandemic (COVID-19) the U.S. Department of Housing and Urban Development (HUD) informed the City of Chattanooga that it will receive \$938,930 and \$1,448,742 as a special allocations of Community Development Block Grant Coronavirus (CDBG-CV) funds from the first and third round of CDBG-CV allocations, respectively. The funds are to be used to prevent, prepare for, and respond to the coronavirus (COVID-19). These allocation were authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, which was signed by President Trump on March 27, 2020, to respond to the growing effects of this historic public health crisis.

As CDBG-CV is to be used to prevent, prepare for, and respond to the coronavirus (COVID-19), the City prioritized the unique needs of low- and moderate-income person and the development of partnerships between all levels of government and the private for-profit and non-profit sectors in planning for the utilization of the funds to address these needs

CDBG-CV \$1,448,742

The City of Chattanooga purposed to use this funding for the acquisition, rehabilitation, and operation of a motel or hotel building to expand the capacity of hospitals to accommodate isolation of patients during recovery to enable an individuals and families to remain quarantined on a temporary basis. These are eligible uses per the following applicable sections of the Housing and Community Development Act of 1974 and CDBG regulations for Entitlement CDBG Grantees: Section 105(a)(4) (42 U.S.C. 5305(a)(4); 24 CFR 570.201(f); 570.202 (b).

To ensure the funding is used in a timely manner, the City is proposing to ~~reallocate one million dollars (\$1,000,000) of the~~ \$1,448,782 to address other local needs by making the funding available for any other Community Development Block Grant Coronavirus (CDBG-CV) eligible activities through a Request for Qualifications or Proposals Process.

If the amendment is approved by City Council, (as requested or with adjustments), information and guidance on the Request for Qualifications or Proposals Process will be made available at this website link.

Citizen Participation and Opportunity to Comment

For CDBG funding under the CARES Act, HUD provided a waiver for a reduction in the required public comment period. **The City is accepting comments on this proposed amendment for a 5-day period beginning Monday, ~~March 27, 2023,~~ and ending at 4:40 p.m. on Friday, ~~March 31, 2023.~~**
~~April 3, 2023~~ ~~April 7, 2023~~

Citizens wishing to submit comments regarding the amendment, may e-mail them to: Sgober@chattanooga.gov. Comments can also be made by phone at: (423)643-7332 between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday or, be mailed, postmarked no later than ~~March 31, 2023,~~ to the following:
~~April 7, 2023~~

City of Chattanooga
Attention: Sandra Gober
Department of Economic Development
101 E. 11th Street, Suite 200
Chattanooga, TN 37402

CDBG –CV Funding General Overview

Background:

The Community Development Block Grant Program (CDBG) provides funds to approximately 1,250 States, entitlement cities and urban counties under the Housing and Community Development Act of 1974, as amended. HUD establishes broad guidelines and sets national objectives for CDBG activities. The CDBG program provided \$3.4 billion in annual grants by formula in FY2020. CARES Act CDBG-CV funding provides an additional \$5 billion, also to be distributed by formula. At least 70 percent of every grant must be expended for activities that benefit low- and moderate-income persons by providing housing, a permanent job, a public service, or access to new or significantly improved

infrastructure. The remaining 30 percent may be used to eliminate slum or blighted conditions, or to address an urgent need for which the community certifies it has no other funding.

All eligible CDBG-CV activities must meet one of the national objectives which are: (1) Benefit to low- and moderate-income (LMI) persons; (2) Aid in the prevention of slums or blight; and (3) Meet a need having a particular urgency. The City may undertake CDBG-eligible activities to meet needs resulting from declared disasters or emergencies under any one of the three national objectives.

Eligible, CDBG costs incurred as of March 27, 2020, which is the date in which President Trump signed the CARES Act, and paid for with nonfederal funds may be repaid with CDBG and funding, including those made under the CARES Act. These pre-award costs will meet all HUD requirements applicable to CDBG, including those under the CARES Act. Unless waived by HUD, CDBG pre-award costs for FY 2020-2021 will not exceed 25% of the grant and will be used for the CDBG eligible activities as indicated in the following charts.

Primary Activities That Can Be Used to Prevent, Prepare for, and Respond to Coronavirus in the Community

Time Period For Activities: Grantees must complete all activities and expend all funds during the period of performance of the grant. Grantees may reimburse allowable costs incurred before the period of performance.

- **Geographic Areas Served:** Activities must benefit residents within the city limits of Chattanooga. Act.
- **Eligible Grantees:** The funding is a block grant. HUD makes allocations based on a formula and enters into grant agreements Recipients (City of Chattanooga). Recipient makes funding decisions to decide which activities to assist. Recipient may use its own staff, make a sub-grant, or procure a contractor.
- **Program objectives:** 70 percent of all grant funds must benefit persons of low- and moderate-income. All CDBG activities must meet one of three national objectives of the program.
- **Form of assistance:** The City can choose the form of assistance. Assistance for public services is typically provided as a grant. For other activities, grantees commonly assist activities through grants, loans, loan guarantees, reserve funds, or other mechanisms.
- **Major Cross-cutting Requirements:** Environmental Review, Uniform Relocation Act, Financial Management, Rights and Equal Opportunity

Public Service Activities	Typical National Objectives	Additional Detail
<ul style="list-style-type: none"> • Operating Costs of • Homeless/Aids Patients • Programs • Senior Services • Services for Persons with • Disabilities • Legal Services • Youth Services • Substance Abuse Services • Services for victims of domestic violence, dating violence, sexual assault or stalking • Employment Training • Crime Awareness/Prevention • Fair Housing Activities • Tenant/Landlord Counseling • Child Care Services • Health Services • Abused and Neglected Children • Mental Health Services • Screening for Lead-Based Paint/Lead Hazards Poisoning • Subsistence Payments • Security Deposits • Food Banks • Housing Information and Referral Services • Housing Counseling 	<p>Low- and moderate- income (LMI) persons, families, clientele, or area; prevent or eliminate blight; meet unfunded, urgent local need</p>	<p>Grantee may provide a new or increased level of a public service. All activities must result in achievement of a CDBG national objective, typically by providing services to an LMI clientele or to LMI persons residing in a qualified area.</p>

Housing-Related Activities (Mostly Housing Preservation)	Typical National Objectives	Additional Detail
<ul style="list-style-type: none"> • Rehabilitation: Single and Multi-Unit Residential • Construction of Housing (limited) • Direct Homeownership Assistance • Housing Counseling • Public Housing Modernization • Energy Efficiency Improvements • Rehabilitation Administration • Lead-Based Paint/Lead Hazard Test/Abatement • Code Enforcement 	LMI households; prevent or eliminate blight; meet unfunded, urgent local need	Grantee may rehabilitate or reconstruct or convert structures, provide homeownership assistance, and housing counseling. Includes all activity costs such as applicant intake, construction specs and procurement, and construction. All activities must result in achievement of a CDBG national objective, typically by providing housing to an LMI household.

Public Improvements and Facilities	Typical National Objectives	Additional Detail
<ul style="list-style-type: none"> • Senior Centers • Facility for Persons with Disabilities • Homeless Facilities (not operating costs) • Youth Centers/Facilities • Neighborhood Facilities • Parks, Recreational Facilities • Parking Facilities • Solid Waste Disposal Facilities • Flood and Drainage Facilities • Water/Sewer Improvements • Sidewalks • Child Care Centers • Fire Stations/Equipment • Health Facilities • Removal of Architectural Barriers 	LMI households; prevent or eliminate blight; meet unfunded, urgent local need	<p>Grantee may acquire, construct, reconstruct, or rehabilitate a public facility or improvement. All activities must result in achievement of a CDBG national objective, typically by providing access to a facility or improvement to an LMI clientele or to LMI persons residing in a qualified area.</p> <p>Duplications: Start by looking for possible federal duplications with: FEMA Disaster Relief Fund and Public Assistance, Treasury Coronavirus Relief Fund, USDA programs; local duplications with previously committed and available financial resources.</p>
Activities to Acquire Real	Typical National Objectives	Additional Detail
<ul style="list-style-type: none"> • Acquisition of Property • Disposition • Clearance and Demolition • Clean-up of Contaminated Sites/Brownfields • Relocation 	Low- and moderate- income (LMI) persons, families, or area; prevent or eliminate blight; meet unfunded, urgent local need	Grantee may buy, clean up, demolish, dispose of, and relocate occupants from a property for a public purpose.

Economic Development Activities	Typical National Objectives	Additional Detail
<ul style="list-style-type: none"> • Rehabilitation: Publicly or Privately Owned Commercial/ Industrial • Commercial/Industrial Land Acquisition/ Disposition • Commercial/Industrial Infrastructure Development • Commercial/Industrial Building Acquisition, Construction, Rehabilitation • ED Direct: Financial Assistance to For-Profit Businesses • ED Direct: Technical Assistance • Micro-Enterprise Assistance 	<p>Low- and moderate- income (LMI) persons, families, or area; businesses providing LMI jobs or services; prevent or eliminate blight; meet unfunded, urgent local need</p>	<p>Grantee may assist commercial or industrial activities or provide direct financial or technical assistance to for profit businesses. All activities must result in achievement of a CDBG national objective, typically by creating or retaining permanent LMI jobs or serving an LMI area. Project examples range from working capital loans, to neighborhood store expansion, to construction of railheads and seaports.</p>
General Administrative and Planning Activities (20% cap)	Typical National Objectives	Additional Detail
<ul style="list-style-type: none"> • General Program • Administration • Indirect Costs • Public Information and Consultation • Planning and Capacity Building 	<p>NA for Admin; usually LMI for planning.</p>	<p>Grantee may administer CDBG grants and undertake project, functional, environmental, capacity building, and neighborhood plans, including plans for pandemic prevention, preparation, and response in LMI areas. Up to 20 percent of a grant may be used for Planning and Admin costs (within the 20%, States are capped at 3% for their own costs or providing technical assistance). Absent a statutory waiver, states pass-through funds to non-entitled units of general local governments.</p>

More detailed information on the CDBG-CV Program can be found at:

<https://www.hudexchange.info/programs/cdbg-cv/>