

Substantial Amendment 2
to the
2019-2020 Annual Action Plan,
Year Five of the
2015-2019 Five-Year Consolidated Plan

Community Development Block Grant – Coronavirus (CDBG-CV)

Homeless Prevention

Executive Summary

On December 31, 2019, China reported a cluster of pneumonia cases in Wuhan, Hubei Province which led to the eventual identification of a novel coronavirus later dubbed COVID-19. Less than one (1) month later, the United States announced its first confirmed coronavirus case in Washington state. By the end of January 2020, the World Health Organization (WHO) declared the outbreak a global health emergency (pandemic) and the White House banned entry for most foreign nationals who had traveled to China within the prior 14 days. On March 13, 2020, President Donald Trump declared a national state of emergency due to the COVID-19 pandemic.

In Michigan, the first two (2) cases of COVID-19 were confirmed on March 10, 2020, prompting Governor Gretchen Whitmer to declare a state of emergency. By March 13, Governor Whitmer banned gatherings of more than 250 people and requested public bodies postpone their meetings or conduct them remotely. Two (2) weeks later, Governor Whitmer issued Executive Order 2020-21 requiring all individuals living in Michigan to stay at home and for businesses to suspend normal operations except to the extent workers were necessary to sustain or protect life or to conduct minimum basic operations. This initial “stay-at-home” order was in effect until April 13, 2020, but was subsequently extended to April 30, 2020 (Executive Order 2020-42), again to May 15, 2020 (Executive Order 2020-59), and most recently to May 28, 2020 (Executive Order 2020-77) with the allowance of some non-essential businesses to re-open with restrictions.

The stay-at-home orders prohibited in-person work that was not necessary to sustain or protect life. The orders further forbade the operation of businesses that required workers to leave their homes or places of residence except to the extent that those workers were necessary to sustain or protect life or to conduct minimum basic operations. The shutdown of non-essential businesses led to a sudden onslaught of layoffs and loss of income for workers.

On March 27, 2020, President Trump signed the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, a \$2 trillion economic relief package to protect the American people from the public health and economic impacts of COVID-19. The package specifically set aside \$5 billion in supplemental Community Development Block Grant (CDBG) funding for grants to prevent, prepare for, and respond to coronavirus (CDBG-CV). The first \$2 billion in CARES Act funding for CDBG grantees was distributed using the 2019 formula allocation, of which \$756,020 was earmarked for the City of Jackson. Additional CDBG-CV funds may become available in the future as well.

This Substantial Amendment contains information regarding the initial projects and activities funded with CDBG-CV. Additional Substantial Amendments will be prepared as other needs arise and are eligible for funding.

General Information

Grantee Name: City of Jackson, Michigan

Department Administering Funds: Neighborhood & Economic Operations

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Amount of CDBG-CV Funds: \$305,000

Anticipated Projects and Activities

Homeless Prevention

In a community where 30% of the entire population lives below the Federal poverty level (*Source: 2018 American Community Survey 5-Year Estimates, Table S1701*), the disparate impact COVID-19 placed on struggling City residents is significant. Currently, there is a moratorium on evictions and foreclosures during Michigan’s state of emergency and state of disaster order, which currently remains in effect until May 28, 2020 (EO 2020-68). The City of Jackson has also suspended the shutoff of municipal water during this state of emergency.

A recent Needs Assessment completed for the City’s 2020-2024 Five-Year Consolidated Plan determined the following:

- Cost burdened is the most common housing problem for both renters and homeowners. Cost burden is the percentage of a household’s total gross income spent on housing costs. For renters, housing costs include rent paid by the tenant plus utilities. For homeowners, housing costs include mortgage payments, taxes, insurance, and utilities. A household is considered cost burdened if more than 30% of its income is expended on housing costs; a severely cost burdened household devotes more than 50% of its income for housing.
- More than half of all tenants within the City of Jackson having incomes at or below 80% AMI are cost burdened with 43.3% considered cost burdened and 26.0% severely cost burdened.
- Homeowners earning 80% AMI or less in the City of Jackson fare somewhat better with 18.5% considered cost burdened and 9.5% severely cost burdened.

Upon the re-engagement of normal activities, in whatever new form it takes, it is anticipated a substantial number of low- to moderate-income individuals and families will be at risk of homelessness due to the sudden and severe mitigation measures needed to curb the spread of COVID-19. Homeless prevention assistance will take on three forms – water shutoff prevention, foreclosure prevention, and eviction protection.

IDIS Matrix Code:	05Q – Subsistence Payments		
Description:	One-time emergency payments on behalf individuals or families to prevent homelessness.		
National Objective:	Low/Mod Limited Clientele (LMC)	24 CFR 570.208(a)(2)	
	Activities that benefit a limited clientele, at least 51% of whom are low/mod income. LMC activities provide benefits to a specific group of persons rather than all the residents of a particular area.		
Subgrantee:	Community Action Agency 1214 Greenwood Avenue Jackson, MI 49203		
Budget:	Water Shutoff Protection	\$125,000	
	Foreclosure Prevention	\$ 60,000	
	Eviction Protection	<u>\$120,000</u>	
	Total:	\$305,000	40.3%

1. Water Shutoff Protection

Paramount during the City's coronavirus response has been ensuring residents are able to continue practicing good hygiene and washing their hands. The City's first act during the state of emergency was to place water bills into abeyance, and reconnect previously shutoff water to residents.

Residential properties are invoiced for water usage on a staggered, quarterly basis with a net 30 due date. After the local state of emergency is lifted, the City intends to extend the due date for the first billing 60 days after it is due. This extended grace period allows homeowners additional time to pay their bills without the threat of shutoff and added penalties.

With so many low- to moderate-income homeowners laid off during the pandemic and struggling to meet financial obligations, the City will provide additional relief to homeowners with the use of CDBG-CV funds. Community Action Agency (CAA) will serve as a subgrantee administering a Water Shutoff Protection Program assisting income qualified low- to moderate-income homeowners bring outstanding water bills current to avoid shutoff.

CAA will provide an average of \$125 per qualifying family under the Water Shutoff Protection Program. To qualify, the residential property must be the primary residence of the applicant and located within the jurisdictional boundaries of the City of Jackson. Further, the household income of the applicant cannot exceed 80% of the Area Median Income (AMI) as published by HUD annually and adjusted for household size. In addition, the applicant must demonstrate a correlation between his/her inability to pay is a result of factors beyond his/her control due to the COVID-19 pandemic and the various emergency orders enacted by the State of Michigan. Payment is to be made directly to the City of Jackson Water Department and not to the applicant.

2. Foreclosure Prevention

To protect the health, safety, and welfare of City residents during the recovery phase post-COVID-19, it is imperative to keep families housed. Approximately 43 households with 100% Principal Residency Exemption status are in jeopardy of losing their primary residence to tax foreclosure for failing to pay 2017 property taxes.

On March 18, 2020, Governor Gretchen Whitmer signed Executive Order 2020-14 extending the tax foreclosure deadline allowing property owners additional time to pay back taxes and avoid foreclosure during the coronavirus pandemic. The Executive Order extended the redemption period from March 31, 2020 until the later of (a) May 29, 2020, or (b) 30 days after the termination of state of emergency under section 3 of Executive Order 2020-4. On April 30, 2020, Governor Whitmer extended the states of emergency and disaster through May 28, 2020 upon signing Executive Order 2020-68.

Although mortgage foreclosures have dramatically decreased in the years since the Great Recession of 2008, the economic and social harms from the pandemic may reverse that recovery. CAA will also administer this activity through a subgrant and will likewise consider assisting homeowners avoid mortgage foreclosure as funds allow.

To qualify, the residential property must be the primary residence of the applicant and located within the jurisdictional boundaries of the City of Jackson. Further, the household income of the applicant cannot exceed 80% of the Area Median Income (AMI) as published by HUD annually and adjusted for

household size. In addition, the applicant must demonstrate a correlation between his/her inability to pay is a result of factors beyond his/her control due to the COVID-19 pandemic and the various emergency orders enacted by the State of Michigan. Only unpaid 2017 and prior year taxes and any penalties or administrative costs imposed by the Jackson County Treasurer are eligible for payment; mortgages will be reviewed on a case-by-case basis and paid only if sufficient funds are available. Payment is to be made directly to the Jackson County Treasurer or mortgage holder and not to the applicant.

3. Eviction Protection

On March 18, 2020, the Michigan Supreme Court issued an emergency order limiting the total number of people allowed in courtrooms to ten (10) and courts' activities to "essential functions." On April 17, 2020, Governor Whitmer issued Executive Order 2020-54 extending the eviction moratorium through May 15, 2020. Landlords are still able to make a demand for rent, but their demand cannot include a demand for possession, or other threat of eviction, based on the non-payment of rent. Once EO 2020-68 expires, eviction cases will start or continue where they left off.

As with tax and mortgage foreclosures for homeowners, the need for individuals to self-quarantine and self-isolate within their residence is essential to reduce the spread of COVID-19, protect the public health, and provide essential protections to vulnerable residents. While the Governor's Executive Order did not suspend the requirement to pay monthly rent, local housing providers indicate many tenants believe that it did. With April and May rent possibly outstanding, it is reasonable to assume many tenants will face eviction upon the revocation of the State's emergency and disaster orders.

To qualify, the residential property must be located within the jurisdictional boundaries of the City of Jackson and not already subsidized by HUD or MSHDA. Further, the household income of the applicant cannot exceed 80% of the Area Median Income (AMI) as published by HUD annually and adjusted for household size. In addition, the applicant must demonstrate a correlation between his/her inability to pay is a result of factors beyond his/her control due to the COVID-19 pandemic and the various emergency orders enacted by the State of Michigan. Payment is to be made directly to the landlord and not the applicant.

Administration/Planning

Although CDBG-CV is considered a supplement to the City's annual CDBG funds, it is also considered distinct by having its own grant number. Program costs specifically related to the administration of CDBG-CV needs to be tracked and drawn separately from the City's annual CDBG funds. As such, a nominal administration budget is recommended for both the City's grant management and also for CAA.

As with the City's regular CDBG allocation, administrative costs are capped at 20% of the total allocation plus program income. With the City's initial CDBG-CV allotment of \$756,020 administrative costs are capped at \$151,204. CAA initially declined an administrative budget as their staff costs are covered through other sources; however, the City's Grant Coordinator is recommending a small amount be set aside for their use as they will incur other expenses directly related to the Homeless Prevention activities, such as mailings, advertising, etc. The City will also retain approximately 8.0% of the CDBG-CV funds for administrative purposes. It is anticipated all programs will run through September 30, 2022 or until funds are depleted.

IDIS Matrix Code: 21A – General Program Administration

Description: Overall program administration including, but not limited to, salaries, wages, and related costs of grantee staff or others engaged in program management, coordination, monitoring, reporting, and evaluation.

National Objective: Not applicable

Budget:	City of Jackson	\$60,000	
	Community Action Agency	<u>\$20,000</u>	
	Total:	\$80,000	10.6%

Citizen Participation

As the seriousness of the novel coronavirus became evident to Michigan communities, the Mayor and City Manager began regular video conferences with community stakeholders. Among attendees were local health care leaders such as Henry Ford Allegiance Health, Jackson County Health Department, and the Center for Family. The United Way also participated and reported back to the Jackson COVID-19 Action Network (JCAN) it formed to coordinate local non-profits' efforts to address the emerging needs of the community. The City's Grant Coordinator has also participated with the Jackson County Continuum of Care's regular meetings and JCAN's housing thread meetings to gather emerging needs in the housing sector.

Notice of the Substantial Amendment and May 26, 2020 virtual public hearing was posted to the City's webpage <http://www.cityofjackson.org/332/Grant-Reports> on May 13, 2020. Notice of the availability of this Substantial Amendment and upcoming public hearing was also broadcast through the City's social media outlets, such as Facebook.

Citizen comments to be determined