

TO: Nancy Melander, Community Education and Grants Program Manager, City of Carlsbad
FROM: Erica Snyder, Principal, LeSar Development Consultants
DATE: April 30, 2020
SUBJECT: Carlsbad CDBG COVID-19 Needs Assessment

COVID-19 OVERVIEW

In December 2019, a pneumonia of an unknown cause was detected in Wuhan, China and reported to the World Health Organization (WHO). This disease has since spread worldwide through person-to-person contact and community spread. WHO declared the Coronavirus Disease 2019 (COVID-19) a global pandemic on March 11, 2020 due to the ease of spread through person-to-person contact. This is the first pandemic known to be caused by the coronavirus and there have only been four pandemics declared in the past century, all of which were strains of the influenza virus.¹ While most information at this time suggests the majority of COVID-19 cases are mild, the Centers for Disease Control and Prevention (CDC) has found that 80 percent of deaths due to COVID-19 in the United States were among adults ages 65 and older, with the highest percentage occurring in people 85 years and older. Additionally, it is more likely for people with serious underlying medical conditions (such as heart conditions, chronic lung disease, etc.) to be at higher risk for developing severe illness.² To date, different parts of the United States have been experiencing varying levels of COVID-19 activity, but all 50 states have reported cases and community spread.

On March 17, 2020, the City of Carlsbad's City Council passed a declaration of local emergency related to COVID-19. On March 19, 2020 California's governor declared a stay-at-home order for all Californians, except for essential needs, to slow the pace of COVID-19. This resulted in the closing of many businesses, schools, and caused jurisdictions to close local parks, trails, beaches. The stay-at-home order is still in effective at the time of this memorandum.

In response to this crisis, the federal government passed and signed into law on March 17, 2020 the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to assist communities nationwide related to housing, economic, and other needs. Included in the CARES Act was an additional \$2 billion in Community Development Block Grant (CDBG) funds to assist communities across the United States in mitigating the impacts of COVID-19.³ These funds will be awarded based on existing grant formulas and have new guidance with the intention of allowing quick action to assist low-income and vulnerable citizens. Additional CDBG monies will be awarded to the City of Carlsbad based on a new formula related to COVID-19 and housing needs. It is anticipated the City of Carlsbad will receive its annual CDBG allocation of \$536,604 as well as an additional of \$315,666 in CDBG funding through first round of CARES Act Funding.

The impacts of this pandemic have been felt by and disrupted every household, community and sector within San Diego County. According to SANDAG, one month into the COVID-19 stay-at-home order has increased the average unemployment rate in San Diego County from 3.4 percent to 24.3 percent. The City

¹ <https://www.cdc.gov/coronavirus/2019-ncov/cases-updates/summary.html#background>

² [Ibid.](#)

³ https://www.hud.gov/press/press_releases_media_advisories/HUD_No_20_049

of Carlsbad is seeing unemployment range from 20 to 22 percent, depending on the zip code.⁴ Over 300,000 people have filed for unemployment countywide since mid-March. According to SANDAG, Carlsbad businesses are experiencing significant layoffs related to Arts, Education, and Recreation; which includes amusement parks, museums, and theaters, however other sectors are being impacted as well.⁵ It is predicted that this disruption could have lasting impacts in the local, regional, and national economy.

LeSar Development Consultants (LDC) is working with the City to quickly assess the City's impacts and residents needs as it relates to COVID-19 to determine the best use of these funds. This process will include a review of U.S. Department of Housing and Urban Development (HUD) CDBG funding guidance and data gathering from internal and external stakeholders to assess the community's current response and future needs. Based on the local data and consultations, LDC has develop potential funding recommendations related to food insecurity and housing assistance for the City's CARES Act funding allocation to position the City to best respond to the COVID-19 crisis.

⁴ https://www.sandag.org/uploads/publicationid/publicationid_4658_27389.pdf

⁵ Ibid.

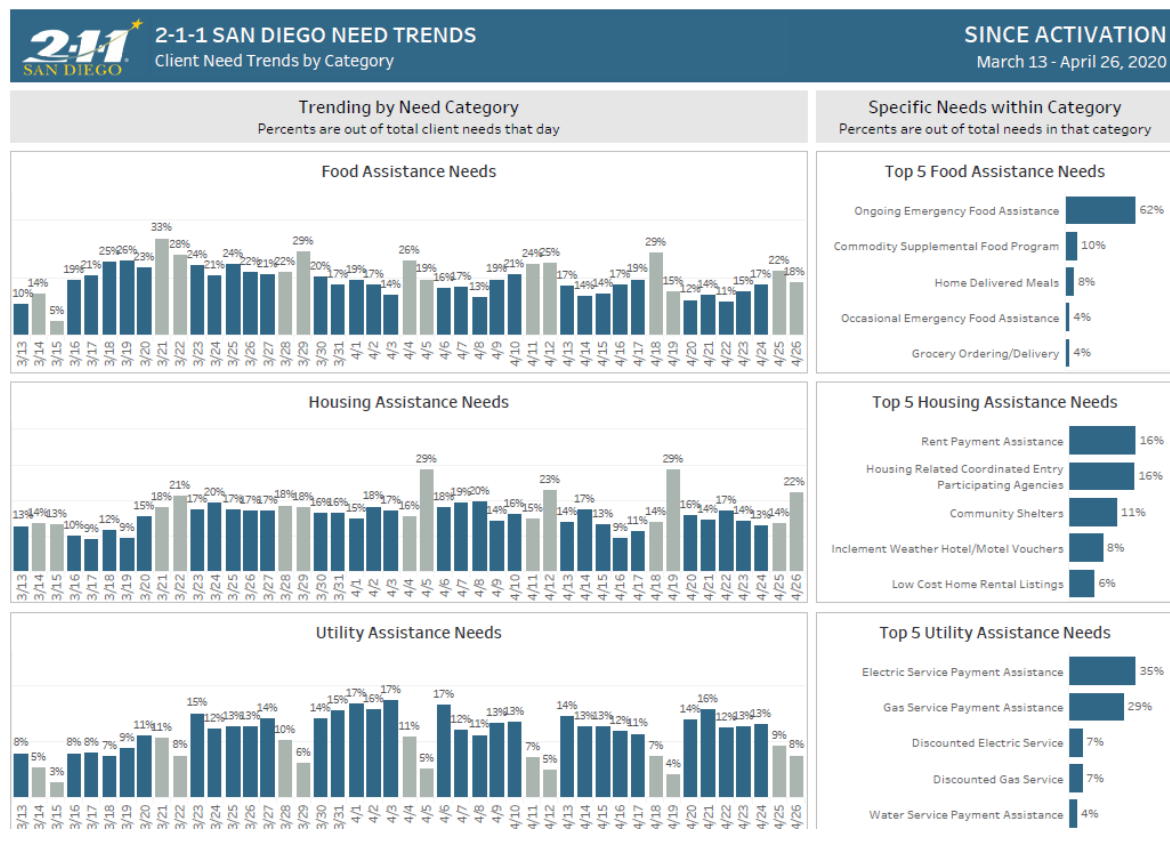
NEEDS ASSESSMENT

LDC gathered data regarding Carlsbad’s community needs and the current response in a variety of ways. First, LDC reviewed community data based on information gathered by 2-1-1 San Diego and the City of Carlsbad. Second, LDC conducted an online survey of the City’s CDBG subrecipients to identify how nonprofits were addressing COVID-19 and future funding needs. Lastly, LDC held a meeting with variety of City of Carlsbad staff to gather qualitative data pertaining to how the City of Carlsbad has been responding to COVID-19 and the types of needs being identified in the community through city operations. Below includes a summary of the data gathered.

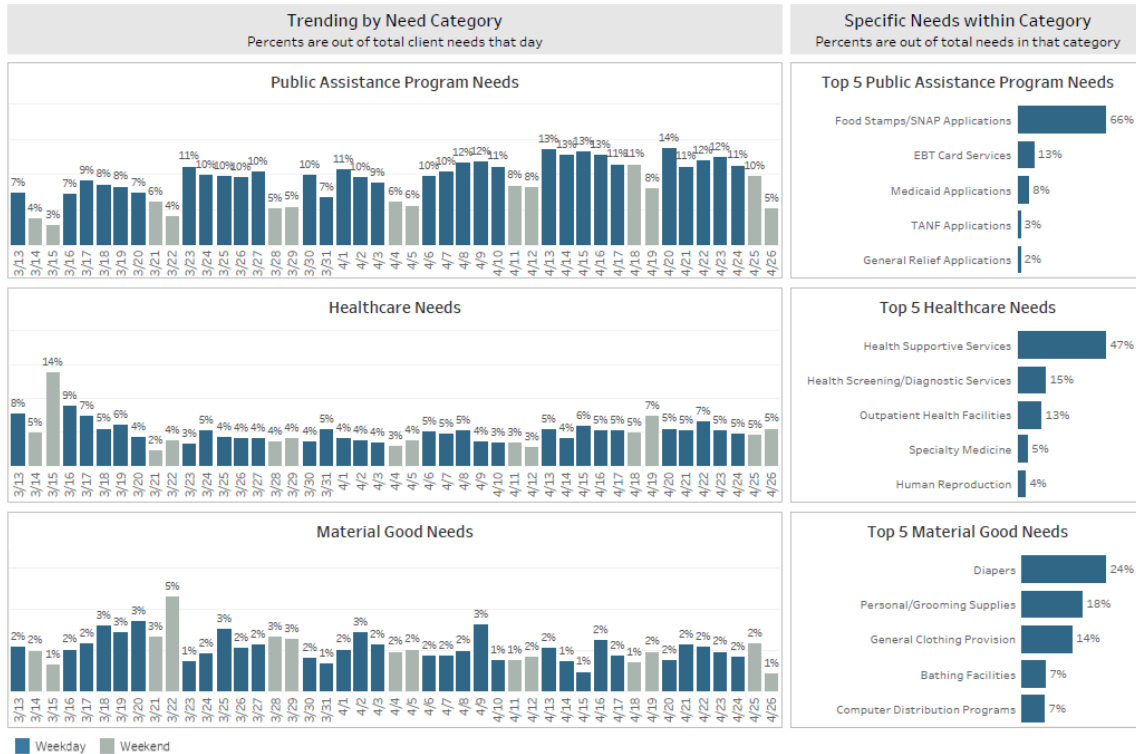
2-1-1 San Diego Data

2-1-1 San Diego (2-1-1) is a nonprofit located in the County of San Diego that gathers regional data and shares information vital related to community, health, and disaster resources, including COVID-19 resources and information which are available 24 hours a day in more than 200 languages. To meet the needs of the community, 2-1-1 is working with the County of San Diego, County of San Diego Public Health, Office of Emergency Services, the State of California, and local service providers to offer up-to-date and vetted information.⁶ 2-1-1 was activated to provide emergency information and enrollment support for public services due to COVID-19 and has received 93,313 calls between March 13 to April 26, 2020.

Below are several charts identifying the needs of community members who called 2-1-1:



⁶ <https://211sandiego.org/resources/health-wellness/>



2-1-1 has summarized the caller trends for COVID-19 resources as the following:

- Food and housing assistance remain the top needs. Rental assistance represents the majority of housing needs since activation.
- Utility assistance remains high amongst client needs; gas/electric payment assistance represent more than half of utility needs.
- Approximately 1 in 5 clients assisted in the past six weeks have requested food assistance, with emergency food assistance the most common type of food needs.
- CalFresh application assistance has doubled with more than 3,500 applications submitted in the region since March 13, 2020.
- Unemployment and disability application assistance is 10 times the typical need, however it only represents 1 percent of total client needs.

City of Carlsbad residents represent approximately 3 percent of callers specifically for COVID-19 needs, which may include seeking general information, transmission spread, symptoms, seeking test sites, or safety precautions, amongst other options. The full 2-1-1 Call Report can be found within Attachment- 2-1-1 San Diego Data.

Community Survey

The City of Carlsbad sought community input from April 9 to April 13, 2020 regarding how the COVID-19 public health emergency has affected them, as well as priorities for information and services to be provided by the City. The survey received a total of 1,018 responses, the majority of which indicated they were from households without small children. A summary of the results include:

Top concerns

- Contracting COVID-19 (38%)
- Overall stress/worry/anxiety/depression (35%)
- Ability to get toilet paper, cleaning supplies or other household goods (31%)
- Job/ability to make a living (30%)
- Social isolation (29%)
- My business (26%)
- Keeping my kids happy and engaged (25%)
- Care for elderly friend/relative (25%)

Most helpful information the city can provide

- 71% Latest rules and health orders
- 58% Latest statistics about COVID-19
- 48% How to help the community/how to support local businesses

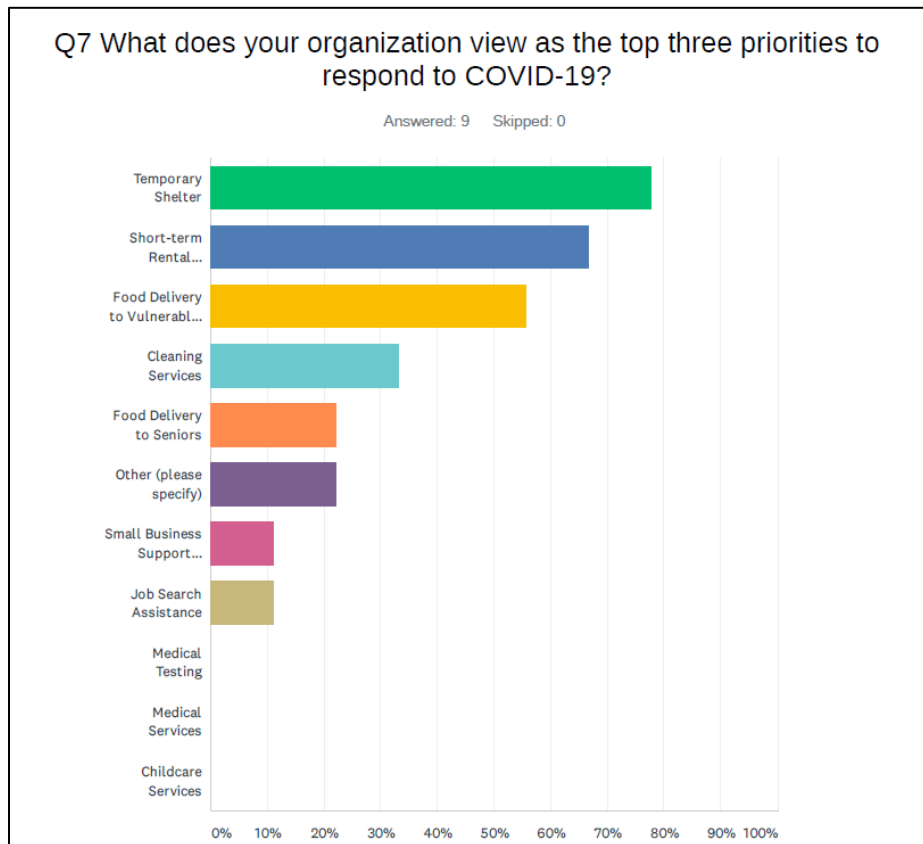
The full survey report can be found in Attachment- COVID-19 Community Input Survey Results.

CDBG Subrecipient Survey

On April 20, 2020 the City of Carlsbad requested its CDBG subrecipients participate in an online survey to gather insight into how their operations have changed based on the new COVID-19 environment. A total of eight agencies participated with nine survey responses. CDBG subrecipients were asked to share which COVID-19 vulnerable populations they were serving, provide details regarding the COVID-19 response services being offered to Carlsbad residents, share which services the organizations were seeing an increased need due to COVID-19, and to provide insight into underfunded services due to increased demand.

All organizations indicated they are serving the populations the CDC have indicated are at a higher risk of contracting COVID-19. All organizations (9) are serving persons experiencing homelessness, seven (78 percent) are serving seniors over the age of 60, and six (67 percent) are serving persons with disabilities. CDBG subrecipients are experiencing increased needs related to food insecurity, emergency financial assistance for housing, and short-term shelter. Within these needs, there has been an increase in case management required, crisis intervention, and helping clients navigate various systems to connect to benefits. Additionally, it was noted an increase in requesting housing and fair housing assistance due to confusion regarding the rights of tenants and homeowners with mortgages in relationship to the new eviction moratoriums.

Overall, organizations are seeing an increased community need and limitations on organizational funding regarding providing food and basic necessities (which now includes personal protective equipment), housing financial assistance, and temporary shelter. Below are the top three COVID-19 response priorities as indicated by the survey respondents:



The full survey results can be found in Attachment- CDBG Subrecipient Survey Results.

City Staff Input

The City of Carlsbad convened an internal virtual meeting on April 22, 2020 to discuss the CARES Act CDBG funding. Staff participation included representatives from the Housing Services Division, Economic Development, Homeless Outreach, Emergency Operations Center, and Parks and Recreation (Senior Programs). There was a presentation which provided an overview of CDBG and the CARES Act, eligible CDBG funded activities, overview of Carlsbad’s community survey and the CDBG subrecipient survey, and ended with a discussion related to the COVID-19 data gathered to-date and staff sharing community needs identified through their own COVID-19 response work. The following community needs were identified:

- An increase in food scarcity and households experiencing food insecurity.
- Increases in rental assistance needs, including arrears to prevent future evictions.
- Potentially purchasing of hotels/motels to provide housing to people experiencing homelessness and isolation, as needed.
- Limited staff capacity at local nonprofits, specifically those serving the homeless.
- Economic development concerns related to small businesses, including commercial evictions assistance.
- Unforeseen need across all socioeconomic statuses, the community is experiencing needs for assistance from a larger population than previously experienced.

Concerns related to providing domestic violence services amidst a stay-at-home order. Overall, staff's feedback mirrored closely to the data received from other sources regarding COVID-19 needs.

PROPOSED FUNDING RECOMMENDATIONS

COVID-19 has impacted all households within the City of Carlsbad, however, to differing degrees. Due to the nature of the pandemic, households of various socioeconomic statuses are now experiencing food and housing crises alike and nonprofit service providers are being asked to serve a growing client base, some of whom have never accessed services previously. In response to the community needs, the City of Carlsbad will be allocating its CDBG monies to address these COVID-19 community needs.

The CARES Act has provided additional \$ 5 billion in CDBG funding to states and localities, such as Carlsbad, with CDBG monies to prevent, prepare for, and respond to the COVID-19. An overview of CDBG-Coronavirus (CDBG-CV) funds allocation process and waivers include:

- \$2 billion in direct funding to states and localities under the Fiscal Year 2020 CDBG funding formula and it has already been allocated. Carlsbad received \$315,666 in CDBG-CV.
- An additional \$1 billion will be available for states and insular areas, to be allocated by May 11th, which can be used in non-entitlement and entitlement areas, which applies to Carlsbad as an entitlement jurisdiction.
- Nearly \$2 billion which will be allocated on a rolling basis using a new formula to be determined by the HUD Secretary based on COVID-19 factors, including housing impact.
- The public services cap of 15 percent has been waived in response to COVID-19 for Fiscal Years 2019 and 2020, as well as for the use of CDBG-CV funds. This means funding can be provided to nonprofits who offer housing, education, childcare, food services, elder services, etc.
- The Citizen Participation Process for draft plans and amendments have been reduced to five days for review and allows for virtual public hearings. Note: This requires amending Carlsbad's existing Citizen Participation Plan.
- HUD has broad authority to waive regulations..

HUD has indicated the most efficient way to allocate CDBG-CV funds to the community is for recipients to submit a substantial amendment to the Fiscal Year 2019 Annual Action Plan and has committed to expediting amendments and the grant process. Additionally, HUD has released guidance for using CDBG for infectious diseases (Attachment- HUD CBDG Guidance) and is allowing entitlement jurisdictions to use 24 CFR § 570.207(b)(4) to provide income payments using CDBG funds. For the purposes of CDBG, income payments means "... a series of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage), or utilities, but excludes emergency grant payments made over a period of up to three consecutive months to the provider of such items or services on behalf of an individual or family."⁷ For the purposes of responding to COVID-19, HUD is allowing income payments to be made as emergency grant payments.

During a webinar held by Enterprise Community Partners on April 29, 2020, HUD representatives clarified this meant entitlement jurisdictions could provide housing financial assistance (rent or mortgage and/or utilities) as an eligible activity under public services without a waiver for households if

⁷ https://www.law.cornell.edu/cfr/text/24/570.207#b_4

it was paid directly to the provider of services (landlord and/or utility company) and not a tenant, for a maximum of three consecutive months.

HUD has stated it will be closely monitoring for duplication of benefits, meaning using CDBG funds to pay for things that are provided by a different funding source, and are encouraging jurisdictions to be cognizant of various funding available. Additional federal technical assistance in this area is forthcoming. The County of San Diego is the recipient of the CARES Act Emergency Solutions Grant (ESG) funding, which provides short-term financial assistance to households at-risk or currently homeless. At this time, there has not been an official determination by the County of San Diego regarding how this funding will be allocated and how residents of Carlsbad could receive this assistance.

The greatest needs identified regarding responding to COVID-19 in Carlsbad related to short-term shelter, rental assistance, and food delivery to vulnerable populations. Given the increased flexibility of CDBG-CV and the needs of the Carlsbad community to prevent and respond to COVID-19, it is recommended the City of Carlsbad consider utilizing the additional CDBG-CV funds to address food insecurity and housing financial assistance needs, which may include supporting those experiencing homelessness. These activities may include, but are not limited to:^{8,9}

Public Services:

- Short-term income payments (rental or mortgage and utility assistance) for up to three consecutive months.
- Delivering meals to quarantined individuals or individuals that need to maintain social distancing due to medical vulnerability.
- Providing equipment, supplies, and materials necessary to carry-out public service. This may include personal protective equipment.
- Case management services for vulnerable populations.

Housing and Public Facilities:

- Constructing medical facilities for testing and treatment.
- Acquiring (and rehabilitating if necessary) a motel or hotel building to expand capacity of hospitals to accommodate isolation of patients during recovery.
- Replacing HVAC systems to temporarily transform commercial buildings or closed school buildings into clinics or treatment centers.
- Acquiring and rehabilitating, or constructing, a group living facility to centralize patients undergoing treatment.

Given the feedback received, it is recommended Carlsbad explore using the funds for short-term income payments, increase food security (meal delivering services and food pantries) and basic needs.

⁸ <https://files.hudexchange.info/resources/documents/Quick-Guide-CDBG-Infectious-Disease-Response.pdf>

⁹ https://www.hud.gov/press/press_releases_media_advisories/HUD_No_20_049