



Department Source: Community Development - CDBG/Home

To: City Council

From: City Manager & Staff

Council Meeting Date: April 6, 2020

Re: Consider Amendment #2 to the FY 2019 CDBG and HOME Annual Action Plan

Executive Summary

U.S. Department of Housing and Development (HUD) regulations allow for an amendment to annual action plans without a public hearing, if the amendment is not considered a substantial amendment and is less than 10% of the City's Annual budget for CDBG funds. The 2019 Action Plan is the 5th year of implementing the 5- Year Consolidated Plan for 2015-2019. A draft of the amendment is included for the reallocation of \$90,000 to provide capital to small businesses in an effort to assist in maintaining operations during the current public health emergency. Staff is recommending providing forgivable loans of up to \$5,000 to cover identified costs over the next 90 days.

Discussion

Approval of the Amendment will include reprogramming previously unexpended CDBG funds for the purpose of providing microloans to small businesses. Funds will be provided in the form of a forgivable loan for businesses with 5 or fewer employees. Qualified businesses will be required to document ownership by a low to moderate income (LMI) household, or that at least 51% of its employees are (LMI).

The following criteria for businesses to qualify is included in an attached Amendment to the CDBG and HOME Guidelines:

- Maintain a business with 5 or fewer employees that operates within the City of Columbia
- Provide documentation of business license.
- Demonstrate HUD eligibility requirements demonstrating ownership by a low to moderate income household or maintaining 51% of its employees meeting LMI criteria.
- Demonstrate successful operations for at least 12 months.
- City of Columbia Business license obtained prior to January 1, 2020
- Proof of current liability insurance
- Provide documentation of submission of Small Business Administration (SBA) Disaster Assistance application.
- Previous 3 months commercial bank statements to assist in identifying a positive cash flow.
- Demonstrate submission of Small Business Administration (SBA) Disaster Assistance application.
- Approved CDBG eligible expenses to be utilized within 30 days for: rent, payroll, inventory, operating expenses and working capital.

Amended CDBG and HOME Program Guidelines are included in the packet for Council consideration. The amended guidelines include requirements and criteria to determine



City of Columbia

701 East Broadway, Columbia, Missouri 65201

eligibility within the microloan program. The application process will include utilizing local community banks for submission of application materials through the Housing Programs Division's Web-based system, Neighborly.

Fiscal Impact

Short-Term Impact: Allocates \$90,000 in previously approved CDBG funds to the Microloan Program.

Long-Term Impact: Enter the cost of proposed legislation to the city for years **beyond two**.

Strategic & Comprehensive Plan Impacts

Strategic Plan Impacts:

Primary Impact: Social Equity, Secondary Impact: Infrastructure, Tertiary Impact: Economy

Comprehensive Plan Impacts:

Primary Impact: Livable & Sustainable Communities,

Legislative History

Date	Action
10/7/2014	City Council adopted the 2015-2019 CDBG and HOME Consolidated Plan and 2015 Annual Action Plan.
6/17/2019	Council approved the FY 2019 Annual Action Plan.

Suggested Council Action

Approve the Amendment #2 to the FY 2019 Annual Action Plan and Amended CDBG and HOME Administrative Guidelines.