

Substantial Amendment 3
to the
2019-2020 Annual Action Plan,
Year Five of the
2015-2019 Five-Year Consolidated Plan

Community Development Block Grant – Coronavirus (CDBG-CV)

Water Shutoff Protection – Additional Funding

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.

On May 26, 2020, the Jackson City Council funded Homeless Prevention activities which included water shutoff protection, foreclosure prevention, and eviction protection. As coronavirus continues to plague the City of Jackson as well as the entire nation, the need to increase the budget for water shutoff prevention and expand the pool of eligible participants is necessitated.

General Information

Grantee Name: City of Jackson, Michigan

Department Administering Funds: Neighborhood & Economic Operations

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Amount of Additional CDBG-CV Funds: \$121,020

Water Shutoff Protection

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. On July 8, 2020, Governor Gretchen Whitmer signed Executive Order 2020-144 which extends water shutoff protections for Michigan residents through December 31, 2020. 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 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.

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 service.

On July 22, 2020, the City of Jackson reported more than 1,500 residential customers were behind on paying their water bills (see Attachment A). Although initially only available to low-income homeowners, the financial hardship experienced by disadvantaged tenants cannot be ignored. For those tenants responsible for paying water bills as part of their lease agreement, the City wants to ensure the same assistance is available for them as part of its overall Homeless Prevention activities.

Community Action Agency (CAA) will continue to serve as a subgrantee administering the Water Shutoff Protection Program providing one-time assistance to income qualified low- to moderate-income homeowners and tenants to bring outstanding water bills current to avoid shutoff. CAA will provide an average of \$200 per qualifying family under the Water Shutoff Protection Program. To qualify, the residential property must be located within the jurisdictional boundaries of the City of Jackson. For homeowners the property must be their primary residence; for tenants, the water bill must be in their name as the customer. Further, the household income of the applicant cannot exceed 80% of the Area Median Income (AMI) as published annually by HUD and adjusted for household size. In addition, the applicant must demonstrate that the COVID-19 pandemic and various emergency orders enacted by the State of Michigan factors resulted in his/her a financial hardship. Payment is to be made directly to the City of Jackson Water Department and not to the applicant.

As the number of past due water bills continues to grow, it is incumbent upon the City of Jackson to assist its most disadvantaged residents through this hardship. As such, it is proposed that the budget for Water Shutoff Prevention be increased by \$121,020, bringing the total budget to \$246,020, and that the pool of eligible participants be expanded to include low-income tenants who have water bills in their name.

IDIS Matrix Code: 05Q – Subsistence Payments

Description: One-time emergency payments on behalf of individuals or families to prevent interruption of water service.

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- to moderate-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	May 26, 2020
Budget Increase	<u>\$121,020</u>	September 8, 2020
Total:	\$246,020	

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) that 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 regular meetings of the Jackson County Continuum of Care and JCAN's housing thread meetings to glean emerging needs in the housing sector.

Notice of the Substantial Amendment and the September 8, 2020 virtual public hearing was posted to the City's webpage <http://www.cityofjackson.org/332/Grant-Reports> on August 19, 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

