

Substantial Amendment 4
to the
2019-2020 Annual Action Plan,
Year Five of the
2015-2019 Five-Year Consolidated Plan

Community Development Block Grant – Coronavirus (CDBG-CV)

Foreclosure Prevention – Additional Funding

Executive Summary

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. A second round of funding was provided to states only in May 2020 with a third round made on September 11, 2020 in which the City received an additional \$189,425.

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 continue supporting low income residents during the pandemic is necessitated.

It is incumbent upon the City of Jackson to continue to assist its most disadvantaged residents through this hardship. As such, it is proposed that the budget for Foreclosure Prevention be increased by \$100,000, bringing the total budget to \$160,000. It is further proposed that CAA's administration budget be increased an additional \$20,000 to help defray the costs to deliver this service to the community, bringing the total administration budget to \$40,000.

General Information

Grantee Name: City of Jackson, Michigan

Department Administering Funds: Neighborhood & Economic Operations

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Amount of Additional CDBG-CV Funds:	\$756,020	Round 1 April 2, 2020
	<u>\$189,425</u>	Round 3 September 11, 2020
	\$945,445	Total CDBG-CV Funds

Foreclosure 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. The County of Jackson is currently in the foreclosure process for those still owing 2018 and older property taxes. To protect the health, safety, and welfare of City residents during the ongoing coronavirus recovery phase, it is imperative to keep families housed.

Due to the timing of receiving CDBG-CV funds from HUD and the fact many homeowners were able to redeem their home before foreclosure, only 43 properties were identified as potentially eligible in 2020. With the original \$60,000 allocation, 16 homeowners took advantage of this assistance, saving them a total of \$36,117 and ensuring they remained stably housed. Nine (9) of the 16 that received assistance in 2020 have been able to pay their taxes before foreclosure in 2021. As of January 19, 2021, approximately 124 households with 100% Principal Residency Exemption (PRE) status are in jeopardy of losing their primary residence to tax foreclosure for failing to pay 2018 property taxes.

Community Action Agency (CAA) will continue to serve as a subgrantee administering the Foreclosure Prevention Program providing assistance to income qualified low- to moderate-income homeowners to avoid foreclosure during 2021. 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 2018 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 made directly to the Jackson County Treasurer or mortgage holder and not to the applicant.

IDIS Matrix Code: 05Q – Subsistence Payments

Description: One-time emergency payments on behalf individuals or families to prevent foreclosure during 2021.

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:	Foreclosure Prevention	\$ 60,000	May 26, 2020
	Budget Increase	<u>\$100,000</u>	February 9, 2021
	Total:	\$160,000	
	CAA Administration	\$ 20,000	May 26, 2020
	Budget Increase	<u>\$ 20,000</u>	February 9, 2021
	Total:	\$ 40,000	

Citizen Participation

Notice of the Substantial Amendment and the February 9, 2021 virtual public hearing was posted to the City's webpage <http://www.cityofjackson.org/332/Grant-Reports> on January 19, 2021. 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.

Public comment to be determined.