

**THE PROPOSED CDBG SUBSTANTIAL AMENDMENT
TO THE 2018-2019 ANNUAL ACTION PLAN (REVISED)**

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Summary

The City of Carson proposes to amend its 2018-2019 Annual Action Plan to revise the previously approved allocations of Community Development Block Grant (CDBG) funds align with the resources available.

Amendment of the Annual Action Plan is necessary because one of the proposed revisions would result in a decrease of an activity allocation in excess of \$300,000. Under the City's CDBG Citizen Participation Plan, an increase or decrease in an activity allocation greater than \$300,000 constitutes a "substantial change" necessitating a Substantial Amendment to a Five-Year Consolidated Plan or Annual Action Plan as applicable.

Fiscal Impact

The U. S. Department of Housing and Urban Development (HUD) determines each year the CDBG amount the City receives in the form of an entitlement amount (based on the City's overall population, its proportion of low- and moderate- income residents, and other demographic factors). However, if not all those funds are expended in the program year for which they were allocated, the result is the accumulation of unexpended funds in the City's letter of credit balance with HUD.

The City's 2018-2019 Annual Action Plan budget was based on the assumption that at the beginning of the program year, the balance of unexpended funds in the City's letter of credit balance would be approximately \$768,296. The Action Plan budget allocated that projected balance of unexpended funds (\$768,296) plus the full entitlement amount for the program year (\$815,109), for a total budgeted allocation of \$1,583,405.

The actual amount of accumulated unspent funds, as of the beginning of program year 2018-2019, totaled approximately \$573,544. It will as a result be necessary to revise the Action Plan budget to \$1,388,653 (consisting of the \$815,109 in current year entitlement funds plus the \$573,544 in accumulated unspent funds), a reduction of \$194,752.

Revised Activities and Funding Reallocations

Neighborhood Pride Program: The Neighborhood Pride Program is designed to assist (in the form of loans and grants) low- and moderate-income owners of single-family detached dwellings and mobilehomes with the preservation of decent, safe, and sanitary housing. This program corrects hazardous structural conditions, makes improvements considered necessary to eliminate bight, promotes healthy, sustainable, and resource-efficient housing, improves disabled access, and corrects building and health and safety code violations. Eligible items include roofing, driveway replacement exterior painting, stucco work, correction of faulty plumbing and hearing, replacement of deteriorated stairs, hazardous wiring repairs, and security lighting. This program was allocated \$374,568 in CDBG funds in the Action Plan budget. However, the volume of projects expected to be approved in the current program year (resulting from greater than anticipated demand for this program) has resulted in the need to increase this CDBG allocation to \$611,894 (an increase of \$237,326).

Commercial Loans and Grants Program: The Commercial Loans and Grants (also referred to as Commercial Rehabilitation) program offers owners of commercial properties serving low- and moderate income areas rehabilitation assistance (in the form of grants or loans, as applicable) of up to \$25,000 for façade improvements, and up to \$95,000 for substantial rehabilitation projects. Eligible work includes new stucco, paint, store fronts, architectural enhancements, stone or brick veneers, channel letter signs, parking lot sealing and striping, landscaping, and hardscaping. This program was allocated \$250,000 in CDBG funds in the Action Plan budget. With one project (\$95,000) already approved and one more of similar scope expected in the current program year, staff is recommending revising this CDBG allocation to \$190,000 (a decrease of \$60,000).

Architectural Services: The Action Plan budget included a \$50,000 allocation for anticipated architectural design and related services in connection with the Commercial Rehabilitation Program. It is now anticipated that these services will not be used in the current program year, thus staff is recommending that the allocation be removed (a decrease of \$50,000).

Scott Park Improvements: The Action Plan budget allocated \$485,000 for improvements to Scott Park (subsequently renamed Foisia Park) consisting of demolition and reconstruction of the picnic shelter, as well as other capital improvements including installation of fixtures to make the park compliant with the Americans with Disabilities Act. At this point in the program year, there is little possibility of the project getting started prior to the end of the program year (and City fiscal year) June 30. Thus, staff proposes to defer the project to 2019-2020. Staff has identified sources of funding other than CDBG for this proposed project, thus it is proposing to cancel the 2018-2019 CDBG allocation for this project, a decrease of \$485,000.

Los Angeles County Sheriff's Department Carson Gang Diversion Team: Under the public services component of CDBG, \$15,863 had been allocated to the Los Angeles County Sheriff's Department Carson Gang Diversion Team, a diversion program featuring counseling and case management and focused on youth who have already developed gang affiliations. Sheriff's Department officials have indicated that this program has been so successful in securing other sources of funding that it can forego the allocated CDBG funds. Canceling this allocation would result in a reduction of \$15,863.

Unallocated Funds: Staff's above-described budgetary revisions would reduce budgeted expenditures to \$1,209,868, compared with available resources of \$1,388,653, leaving a balance of unallocated funds of \$178,785. Because staff is anticipating a reduction of 5% in CDBG entitlement funding for program year 2019-2020, staff is proposing that that \$178,785 balance of unallocated funds be carried over to program year 2019-2020, and included in available funds for the 2019-2020 Annual Action Plan budget.

Eligibility

The proposed action reallocates funding among activities previously determined to be eligible uses of CDBG funds as permitted under 24 CFR 570.201 (c) and (e), and 24 CFR 570.202 (a) (1), (3), and (5).

Activities to Be Affected by the Change

CDBG Allocations in 2018-2019 Annual Action Plan for Selected Activities (in dollars)		
Activity Name	Original Allocation	Revised Allocation
Neighborhood Pride Program	374,568	611,894
Commercial Loans and Grants	250,000	190,000
Architectural Services	50,000	0
Scott Park (now Foisia Park) Improvements	485,000	0
L, A, County Sheriff's Dept. Carson Gang Diversion Team	15,863	0

Impact on 2018-2019 Annual Action Plan Goals and Objectives

Within the 2018-2019 Annual Action Plan, the proposed Substantial Amendment would result in an increase of \$237,326 in the resources allocated to Goal #1 (Provide Decent Affordable Housing), and decreases of \$595,000 in the resources allocated to Goal #2 (Maintain and Promote Neighborhood Preservation) and \$15,863 in the resources allocated to Goal #3 (Support Special Needs Programs and Services).

Public Comment

As per HUD regulations, and as provided for in the City of Carson's CDBG Program Citizen Participation Plan, the proposed Substantial Amendment was posted and published via the usual methods for a period of not less than 30 calendar days for public review and comment. In

addition, a public hearing is scheduled to be held regarding the proposed Substantial Amendment by City Council on May 21, 2019 prior to its approval by City Council for submission to HUD.

A summary of public comments received regarding the proposed CDBG Substantial Amendment will be attached to the final version of the Substantial Amendment submitted to HUD.