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Title: CONTINUED PUBLIC HEARING TO CONSIDER THE PROPOSED ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FISCAL YEAR 2022/23, AND ADOPTION OF THE 2022-2023 ANNUAL ACTION PLAN (CITY COUNCIL)

Sponsors:

Indexes:

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Attachments: 1. 2022-2023 Annual Action Plan Draft, 2. Community Services Department Scholarship Program Breakdown

Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, July 05, 2022
Special Orders of the Day

SUBJECT:

CONTINUED PUBLIC HEARING TO CONSIDER THE PROPOSED ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FISCAL YEAR 2022/23, AND ADOPTION OF THE 2022-2023 ANNUAL ACTION PLAN (CITY COUNCIL)

I. SUMMARY

On April 19, 2022, the City Council continued this item to May 3, 2022. Subsequently, a new public hearing notice was issued for the June 21, 2022 meeting, and at that meeting the item was continued to the July 5th meeting.

Each year, the City Council conducts a public hearing on the City’s Annual Action Plan (AAP), its application to the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant (CDBG) program. Staff had noticed the required public hearing for the April 19, 2022 Council meeting and prepared a draft 2022-2023 Annual Action Plan for public review based on a requirement to a) submit the AAP to HUD not less than 45 days prior to the July 1 start of the CDBG program year (generally by May 15 each year), and b) prior to that submission, subject the AAP to a period of public review and comment of not less than 30 days.

Given that HUD at that point had not yet provided the City with notice of its Program Year (PY) 2022 CDBG entitlement allocation, staff prepared that draft AAP based on an estimate that the entitlement funding would be kept at PY 2021 levels. On April 1, 2022, HUD issued guidance advising grantee jurisdictions to not submit their AAPs until HUD had confirmed their funding allocations and provided a 60-day window from the date of that eventual notification to prepare and submit their AAPs. Consequently, staff requested that the item be continued to May 3, 2022, and on May 3, the item was continued to a date to be determined after HUD had notified the City of its PY 2022 funding allocation.

HUD posted the PY 2022 entitlement allocations for its grantee jurisdictions on its website on May 13, 2022, and based on the aforementioned 60-day timeline, the due date for submission of the AAP to HUD is July 12, 2022. The allocation for Carson is \$716,362, a reduction of \$77,352 (9.75%) from the PY 2021 level of \$793,714. Staff then proceeded to prepare a new draft AAP, subject it to the required minimum 30-day public review period and noticed the public hearing for this date. Thus, it is recommended that the public hearing proceed at this time for the purpose of hearing public testimony, including presentations from applicants for funding, and that following the public hearing, Council adopt the AAP.

II. RECOMMENDATION

1. **OPEN** the Public Hearing, **TAKE** public testimony, and **CLOSE** the Public Hearing;
2. **ALLOCATE** CDBG public service funding for FY 2022/23 (PY 2022) as designated by City Council;
3. **AUTHORIZE** the Mayor to execute agreements with the public service providers as designated by City Council following negotiation and approval as to form by the City Attorney;
4. **APPROVE** the proposed FY 2022/23 (PY 2022) CDBG budget;
5. **APPROVE** the submission of the City's 2022-2023 Annual Action Plan to the U. S. Department of Housing and Urban Development; and
6. **DIRECT** staff to bring back a substantial amendment to the 2019-2020 Annual Action Plan in the amount of \$60,000 to provide funding to Family Promise of the South Bay from the CDBG-CV funds.

III. ALTERNATIVES

TAKE another action that the City Council deems appropriate.

IV. BACKGROUND

The City of Carson annually receives CDBG funds under the federal Housing and

Community Development Act of 1974, as amended, due to its status as an “entitlement” jurisdiction (based on having a population above 50,000 and meeting certain other demographic criteria). CDBG funding can be used for a variety of projects and programs primarily benefiting low- and moderate-income persons (the focus of the aforementioned demographic criteria.)

HUD guidelines, as found in Title 24 CFR (Code of Federal Regulations) Part 91 and Part 570, mandate a minimum of two public hearings on a jurisdiction’s activities in a given program year. One is required prior to the submission of the AAP, and another is required prior to the submission of the Consolidated /Annual Performance and Evaluation Report (CAPER), which is a summary of activities at the end of a program year. In years past, the Citywide Advisory Commission (CAC) has held one or more public hearings prior to the formulation of the draft AAP, but recent Council action eliminated the CAC. City Council has traditionally considered the AAP in a public hearing during a regular Council meeting (as is the case this evening), which now constitutes the sole avenue for public input into the Plan.

The statutes and regulations governing the CDBG program set forth three basic objectives against which HUD will evaluate the AAP and the City’s performance in relation to its most recent Five-Year Consolidated Plan (covering the 2020/21 through 2024/25 fiscal and related CDBG program years). Each AAP must state how the jurisdiction intends to pursue these objectives. These statutory objectives are:

- Provision of decent housing;
- Provision of a suitable living environment; and
- Provision of expanded economic opportunities.

Based on the entitlement allocation notification and following the receipt of responses to a Request for Proposals (RFP) City staff prepared a draft AAP (Exhibit No. 1), which has been released for public review and comment for a minimum of 30 days, beginning May 19, 2022 and ending June 20, 2022. That draft AAP included a budget for PY 2022 that was based on the confirmed entitlement amount of \$716,362 and allocated the anticipated available funds according to HUD-mandated proportions:

- A maximum of 20% for program administration;
- A maximum of 15% for public services; and
- The remainder (65% or more) can be used for capital (physical development) activities.

Program Administration

The maximum of 20% or \$143,272 for program administration has been included in the proposed budget.

Capital Improvements

The two projects receiving the bulk of the capital funding in the proposed AAP are the Neighborhood Pride Program or NPP (residential rehabilitation) which would be funded at \$233,183, and the Anderson Park Improvements project (physical improvements to improve that park’s compliance with the Americans with Disabilities Act) at \$220,000. Funding for the Anderson Park project is included in PY 2022 because that project could

not be completed in PY 2021.

Anderson Park

The City has received preliminary approval of a grant for approximately \$1.27 million to finance a more comprehensive set of improvements at Anderson Park. The \$220,000 in CDBG funding will supplement this grant and will enable the City to complete this project.

NPP

The \$233,183 allocation for NPP would enable between 12 and 21 homes to be rehabilitated (depending on whether they are single-family homes or mobilehomes).

Permanent Local Housing Allocation Program

As a supplement to NPP, the City applied for a non-competitive grant through the California Department of Housing and Community Development (HCD) for the Permanent Local Housing Allocation (PLHA) program. On April 21, 2022, the City received notice of approval for \$1,059,349 in funding, a portion of which will be allocated to residential rehabilitation projects throughout the City. It should be noted that unlike under the NPP, the PLHA program funds will be loans, however, not grants.

Once the standard agreement is provided by HCD for the City Manager's signature, staff will provide Council with the actual allocation amounts as well as guidelines for approval. Staff currently has a list of 95 NPP registrants to whom eligibility applications will be mailed. Funds will be awarded on a first-come, first-served basis. Staff will be recommending using PLHA funds to supplement the funding for NPP to assist additional homeowners in Carson.

Popularity of NPP

The NPP has been a popular program in Carson. In fact, when the online registration for the program was opened for residents earlier this year, the 100 available slots were filled in about 30 minutes. This has left some residents, especially those without access to a computer, frustrated. Staff believes an alternative way of accepting interested applicants may be appropriate for the next round of registration. Staff is recommending having the registration to remain open for two weeks for an unlimited number of applicants. The residents can either register online or submit a paper application. After the completion of the registration period, a lottery will determine the applicants that will be considered for NNP funding. All applicants picked through the lottery are still required to go through the income verification process to determine their eligibility.

Staffing Costs

Also included under Capital Improvements is an allocation of \$33,160 to cover rehabilitation program staffing costs, bringing the Capital Improvements total to \$465,636.

Public Services

CDBG regulations limit public services to no more than 15% of CDBG funds, which based on the PY 2022 allocation totals \$107,454. Carson historically has allocated the maximum

15% to local non-profit human and social service providers. For PY 2022, six proposals were received. (Copies of those proposals were delivered to the Mayor and Council on April 14, 2022). A seventh proposal was received from the Community Services Department which is included as Exhibit 2. The seven proposals add up to \$391,000, far exceeding the \$107,454 limit imposed by HUD. Therefore, staff's recommendation to City Council is to consider reducing the funding for five requests (Housing Rights Center, Boys and Girls Clubs of Carson, Harbor Area Gang Alternatives Program, Office of Samoan Affairs, and Venice Family Clinic, successor to South Bay Family Health Care). The sixth proposal from the Family Promise of the South Bay is recommended to be paid through the COVID-related CDBG-CV program (Recommendation No. 6 above). The seventh proposal for the Community Services Department Scholarship Program is recommended to be funded by ARPA funds. The following provides additional details for the Service Services.

Housing Rights Center

HUD mandates CDBG communities affirmatively further fair housing within their boundaries, and fair housing services are counted under the Public Services cap. As a result, one of the proposals was from the City's current fair housing services provider, the Los Angeles-based Housing Rights Center (HRC), whose services enable the City to fulfill HUD's requirements. HRC requested \$40,000, the same amount as it is receiving in PY 2021. It is critical to maintain this program, however given the overall reduction in the City's entitlement allocation, it is difficult to maintain it at its current funding level. Consequently, staff is recommending \$34,977.

Other Service Providers

The other proposals received, with current allocated amounts, requested amounts, and staff's recommendations for PY 2022 (which, including the Housing Rights Center, total \$86,747), are as follows:

Boys and Girls Clubs of Carson (after school and summer development and educational support programming for youth at 21502 South Main Street, Carson)

Current \$50,000* Requested \$100,000 Recommended \$20,708

Projected service level: 50 Carson households

Harbor Area Gang Alternatives Program (Gang prevention curriculum for fourth grade students in the following elementary schools: Ambler Avenue, Catskill Avenue, Dolores Street, Dominguez, Towne Avenue, and 232nd Place, Carson)

Current \$15,000 Requested \$20,000 Recommended \$10,354

Projected service level: 400 Carson households

Office of Samoan Affairs (multifaceted program of social services to youth, elderly, and families, including such services as advocacy and referral, job assistance, life skills management assistance, domestic violence counseling and prevention, and counseling to the homeless and persons at risk of homelessness at 454 East Carson Plaza Drive, Suite 109, Carson)

Current \$15,000 Requested \$24,000 Recommended \$10,354

Projected service level: 90 Carson households

Venice Family Clinic (successor to South Bay Family Health Care) (free community health clinic for the uninsured and underinsured at 270 West 223rd Street, Carson)

Current \$15,000 Requested \$20,000 Recommended \$10,354

Projected service level: 2,000 Carson households

Staff's recommendations included above were an attempt to provide a fair distribution to the five service providers based on the amounts they received last year and overall reduction of 9.75% in the City's CDBG allocation.

Family Promise of the South Bay

The sixth proposal was from Family Promise of the South Bay, which requested \$127,000. That provider is currently receiving \$60,000 in CDBG-CV funding (the supplemental CDBG funding distributed by HUD to deal with the coronavirus emergency) to provide services to persons displaced or at risk of displacement as a result of the pandemic, and staff is recommending that this provider continue to be funded through that source for \$60,000 (Recommendation No. 6 above). If directed by City Council, staff will bring back a substantial amendment to the 2019-2020 Annual Action Plan amendment to allocate funds to Family Promise of the South Bay from the CDBG-CV funds.

The City is under a requirement to expend 80% of the CDBG-CV funding by July 2023. As of June 2022, the City had spent approximately 45% of the \$1,152,051 City received; therefore, the City needs to accelerate the CDBG-CV spending. Staff is planning on proposing additional expenditures to the City Council.

Community Services Department Scholarship Program

The Community Services Department submitted an additional CDBG public service proposal to fund a scholarship (fee subsidy) program for low- and moderate-income participants (Exhibit No. 2). Under this proposal, \$55,000 would be allocated to Youth Sports, \$15,000 would be allocated to Kids Club/Day Camp, \$15,000 would be allocated to the Enrichment Program, and \$15,000 would be allocated to the Early Childhood program, for a total of \$100,000. Staff is recommending the use of American Rescue Plan Act (ARPA) funds for this scholarship program.

V. FISCAL IMPACT

The proposed action would allocate the PY 2022 CDBG entitlement grant of \$716,362.00 as follows:

215-70-720-100-5002 (Administration) \$143,272.00

215-70-720-904-8008 (Anderson Park)	\$220,000.00
215-70-720-964-5002 (NPP Staff Costs)	\$ 33,160.00
215-70-720-964-6004 (Housing Rights Center)	\$ 34,977.00
215-70-720-964-6062 (Neighborhood Pride)	\$233,183.00
215-70-720-980-6004 (Public Services)	\$ 51,770.00

No impact to the General Fund is anticipated from the CDBG allocation.

VI. EXHIBITS

1. 2022-2023 Annual Action Plan, Draft for Public Review (pgs.8-56)
2. Community Services Department Scholarship Program (pg.57)

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