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Title: PUBLIC HEARING TO CONSIDER THE PROPOSED ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FISCAL YEAR 2021/22 AND ADOPTION OF THE 2021-2022 ANNUAL ACTION PLAN (CITY COUNCIL)

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Attachments: 1. EXHIBIT 1 - FY21 Carson Entitlement Notification, 2. EXHIBIT 2 - Scan2ndRevDraftAAP, 3. EXHIBIT 3 - DraftBudgetPY21_041321

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

Tuesday, April 20, 2021

Special Orders of the Day

SUBJECT:

PUBLIC HEARING TO CONSIDER THE PROPOSED ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FISCAL YEAR 2021/22 AND ADOPTION OF THE 2021-2022 ANNUAL ACTION PLAN (CITY COUNCIL)

I. SUMMARY

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. This timing has been 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. Therefore, staff is requesting that the public hearing, and consideration of the 2021-2022 AAP, now proceed in order to enable the AAP to be submitted in a timely fashion.

II. RECOMMENDATION

Take the following actions:

1. **OPEN** the Public Hearing, **TAKE** public testimony, and **CLOSE** the Public Hearing;
2. **ALLOCATE** CDBG public service funding for FY 2021/22 (PY 2021) 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 2021/22 (PY 2021) CDBG budget; **AND**
5. **APPROVE** the submission of the City's 2021-2022 Annual Action Plan to the U. S. Department of Housing and Urban Development .

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 prior years, the Citywide Advisory Commission (CAC) held one or more public hearings prior to the formulation of the draft AAP. However, since the CAC has not been active during the pandemic and will officially be eliminated by May 6th due to Council action, the City Council will be holding the public hearing to allow public input, which meets the HUD requirements.

In a letter dated February 25, 2021 (Exhibit No. 1), HUD notified the City that its CDBG entitlement allocation for PY 2021 would be \$782,188. This represents a reduction of \$25,160, or 2.7%, from the PY 2020 entitlement amount of \$803,748.

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 the Five-Year Consolidated Plan adopted last year (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. 2), which has been released for public review and comment for a minimum of 30 days, beginning April 6, 2021 and ending May 10, 2021. (A 30-day review and comment period is required prior to submission of the AAP to HUD.) That draft AAP included a budget for PY 2021 that 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.

Capital Improvements

The Neighborhood Pride Program (NPP) residential rehabilitation program has been very popular this year and is expected to be popular as well next fiscal year, based on the number of inquiries staff has already received from interested homeowners. As a result, staff is recommending allocation of the entire capital improvements portion of the program to NPP, to be funded at \$350,923, which will fund approximately 23 rehabilitation projects. Due to high demand for this program, staff is researching additional State and Federal funding sources for this purpose. Also included in the Capital Improvement allocation is \$150,000 for inspections related to the NPP program and \$7,500 for the lead and asbestos consultant, bringing the total Capital Improvements allocation to \$508,423.

Public Services

CDBG regulations limit public services to no more than 15% of CDBG funds, and Carson historically has allocated the maximum 15% to local non-profit human and social service providers. This maximum for PY 2021 is \$117,328. Six public service proposals were received for PY 2021. Given the limited public services funding for PY 2021, the following are staff's recommendation for funding the public service providers:

- **Boys & Girls Clubs of Carson:** recommended \$34,828 (requested \$100,000);
- **Harbor Area Gang Alternatives Program:** recommended \$15,000 (requested \$15,000);
- **Office of Samoan Affairs:** recommended \$15,000 (requested \$24,000); and
- **South Bay Family Health Care:** recommended \$15,000 (requested \$18,000).
- **Fair Housing (Housing Rights Center):** Recommended \$37,500 (requested \$40,000)

The sixth proposal that was submitted, from Family Promise of the South Bay for homelessness and homelessness prevention services (a request for \$40,000) was also judged by staff to be a worthwhile proposal. In the current year, Family Promise was allocated \$30,000 for similar services from the supplemental coronavirus-related CDBG funding (CDBG-CV). However, given the limited amount of entitlement funding available for

public services, staff felt that it is more appropriate to fund this request through reallocation of CDBG-CV funds as it is an eligible expense.

V. FISCAL IMPACT

The proposed action would allocate the PY 2021 CDBG entitlement grant of \$782,188.00, as follows:

215-70-720-100-5002	(CDBG	Planning	&	Administration-Operations)	\$156,437
215-70-720-964-6004	(CDBG	Neighborhood	Pride-Contract	Services)	\$157,500
215-70-720-964-6062	(CDBG	Neighborhood	Pride-Single	Family/Mobilehomes)	\$350,923
215-70-720-980-6004		(CDBG-Public		Services)	\$117,328

Impact to the General Fund is not anticipated.

VI. EXHIBITS

1. HUD Fiscal Year 2021 Entitlement Notification Letter, February 21, 2021 (pgs. 5-6)
2. 2021-2022 Annual Action Plan, Draft for Public Review (pgs. 7-58)
3. CDBG Program Year 2021-Action Plan Draft Budget (updated 4/13/21) (pg. 59)

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