



Legislation Details (With Text)

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<b>Title:</b>	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)				
<b>Sponsors:</b>					
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<b>Attachments:</b>	1. Annual Action Plan_Draft_2022-2023, 2. CDBG Income Limits PY2022, 3. Community Development Block Grant (CDBG) Program Income Documentation Requirements, 4. Community Services Dept. Scholarship Program Breakdown.pdf				

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

Tuesday, June 21, 2022  
Special Orders of the Day

**SUBJECT:**

**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**

This item was continued from the April 19, 2022 and May 3, 2022 City Council meetings. However, a new public hearing notice was issued for this 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. **DIRECT** staff to:
  - a. Include \$212,476 for Neighborhood Pride Program and \$220,000 for Anderson Park ADA Improvements in the proposed FY 2022/23 (PY 2022) CDBG budget; **OR**
  - b. Include \$432,476 for Neighborhood Pride Program and \$0 for Anderson Park ADA Improvements in the proposed FY 2022/23 (PY 2022) CDBG budget.
4. **AUTHORIZE** the Mayor to execute agreements with the public service provider as designated by City Council following negotiation and approval as to form by the City Attorney;
5. **APPROVE** the proposed FY 2022/23 (PY 2022) CDBG budget;
6. **APPROVE** the submission of the City's 2022-2023 Annual Action Plan to the U. S. Department of Housing and Urban Development; **AND**
7. **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.
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## **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 \$212,476, 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 would 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. This grant funding, if finalized, could be an alternative source of funding for Anderson Park instead of CDBG. This would provide an option to the City Council to allocate the \$220,000 to the very popular NPP, (Recommendation No. 3.b. above).

However, it should be noted that the \$1.27 million grant may not be enough to pay for the entire ADA improvements of the park as construction costs have soared since the City applied for the grant. This shortfall, estimated to be about \$200,000, could be supplemented by the General Fund if the City Council chooses to allocate the \$220,000 for the park to NPP bringing the total for NPP to \$432,476.

### NPP

The \$212,476 allocation for NPP would enable between 10 and 20 homes to be rehabilitated (depending on whether they are single-family homes or mobilehomes). If the \$220,000 designated for Anderson Park is reallocated to the Neighborhood Pride Program, the number of homes the program could improve would double.

### 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 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 the PLHA program funds will be loans, though, 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 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 4. The seven proposals add up to \$391,000, far exceeding the \$107,454 limit imposed by HUD. Therefore, staff had to recommend to City Council to consider reducing the funding for all six requests. The seventh proposal is recommended to be paid through the CDBG-CV program (Recommendation No. 7 above).

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. (The PY 2021 amount came \$37,500 from CDBG, and \$2,500 from the General Fund.) 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.

The other proposals received, with current allocated amounts, requested amounts, and staff's recommendations for PY 2022, are as follows:

*Boys and Girls Clubs of Carson*

Current \$50,000*	Requested \$100,000	Recommended \$20,708
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*Harbor Area Gang Alternatives Program*

Current \$15,000	Requested \$20,000	Recommended \$10,354
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*Office of Samoan Affairs*

Current \$15,000	Requested \$24,000	Recommended \$10,354
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*Venice Family Clinic (successor to South Bay Family Health Care)*

Current \$15,000

Requested \$20,000

Recommended \$10,354

*\*Boys and Girls Clubs of Carson's current funding is \$34,828 from CDBG and \$15,172 from General Fund.*

Staff's recommendations included above was 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.

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), and staff is recommending that this provider continue to be funded through that source for \$60,000 (Recommendation No. 7 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.

Community Services Department Scholarship Program

The Community Services Department submitted an alternative CDBG public service proposal to fund a scholarship (fee subsidy) program for low- and moderate-income participants. 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 \$20,707 for this program.

CDBG funds can only be used to serve a low-and moderate-income clientele (including extremely low income). Exhibit 2 has been included to identify the parameters of the using CDBG funds for extremely low-, low- and moderate-income households that will be in effect for PY 2022, and includes a sliding scale based on household income and household size. Whether the program is carried out by a subrecipient or by a City department, program staff must collect and verify household income information from each beneficiary. A listing of the types of acceptable income documentation, depending on the source of income, is provide as Exhibit No. 3.

**V. FISCAL IMPACT**

The proposed action would allocate the PY 2022 CDBG entitlement grant of \$716,362.00 as follows (based on Recommendation 3.a., making an allocation to Anderson Park):

215-70-720-100-5002	\$143,272.00
215-70-720-904-8008	\$220,000.00
215-70-720-964-5002	\$ 33,160.00
215-70-720-964-6004	\$ 34,977.00
215-70-720-964-6062	\$212,476.00

215-70-720-980-6004

\$ 72,477.00

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. CDBG Income Limits for PY 2022 (pg. 57)
3. Community Development Block Grant (CDBG) Income Documentation Requirements (pg. 58)
4. Community Services Department Scholarship Program (pg. 59)

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