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**Title:** PUBLIC HEARING TO CONSIDER THE PROPOSED ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FISCAL YEAR 2017-2018, AND DRAFT 2017-2018 ANNUAL ACTION PLAN (CITY COUNCIL)

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**Attachments:** 1. Exhibit No. 1 - DraftActionPlan\_PY2017, 2. Exhibit No. 2 - RevisedDraftBudgetPY17\_071217, 3. Exhibit No. 3 - DraftBudgetPY17\_062717, 4. Exhibit No. 4 - CDBG\_RFP\_PY\_2017, 5. Exhibit No. 5 - FundComp4Council, 6. Exhibit No. 6 - RankOrderScores, 7. Exhibit No. 7 - PropProjSummaryTbl\_062711

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

Tuesday, July 18, 2017  
Special Orders of the Day

**SUBJECT:**

**PUBLIC HEARING TO CONSIDER THE PROPOSED ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FISCAL YEAR 2017-2018, AND DRAFT 2017-2018 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. In prior years, 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.

However, because of delays in the federal government’s appropriation process, HUD was unable to inform grantee local governments what their CDBG funding allocations for the 2017 CDBG program year (which coincides with the City’s 2017-2018 fiscal year) would be. HUD had issued guidance to grantee local governments advising them not to submit

AAPs for program year (PY) 2017 until after the PY 2017 allocations have been announced (which finally occurred on June 12, 2017). Under that guidance, grantee local governments would have 60 days from the date of the allocation notifications (that is, until August 11, 2017) to submit their AAPs.

Based on guidance received from the HUD early in 2017 regarding the timing of Annual Action Plan approvals described above, at the April 4, 2017 Council meeting the City Council continued this matter to May 2, 2017 and at the May 2, 2017 continued this matter to June 20, 2017, and at the June 20 City Council meeting continued this matter to July 18, 2017. Therefore, the Public Hearing is open and continued from June 20.

Therefore, staff is requesting that the public hearing and consideration of the 2017-2018 AAP now proceed to enable the AAP to be submitted by the new August 11, 2017 deadline.

## **II. RECOMMENDATION**

1. TAKE public testimony, and CLOSE the Public Hearing,
2. ALLOCATE the sum of \$117,283 in CDBG public service funding for FY 2017/18 (PY 2017) among the following providers as designated by City Council:
  - a. Housing Rights Center (Fair Housing Provider, \$43,220)
  - b. Carson Coordinating Council/Carson Child Guidance Program (\$14,813)
  - c. Boys and Girls Clubs of Carson (\$14,813)
  - d. Office of Samoan Affairs (\$14,812)
  - e. South Bay Family Healthcare Center (\$14,812)
  - f. Los Angeles County Sheriff's Department Carson Gang Diversion Team (\$14,812)
3. AUTHORIZE the Mayor to execute agreements with the providers as designated by City Council following negotiation and approval as to form by the City Attorney.
4. APPROVE the proposed FY 2017/18 (PY 2017) CDBG budget
5. APPROVE the submission of the City's 2017-2018 Annual Action Pan 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.)

Typically, the CDBG application cycle requires the AAP to be submitted to HUD not less than 45 days prior to the July 1 start of the CDBG program year (generally May 15 each year), and for the AAP to be subject to a public review and comment period of not less than 30 days prior to it being submitted. In years past, in keeping with this timeframe, City Council has considered the AAP no later than mid-April, and HUD has been able to notify City staff what its CDBG allocation would be in time for such consideration. However, this year Congress did not complete the appropriations process for HUD’s FY 2017 appropriation in a timely manner. The process was further confused by the Administration’s budget for PY 2018, which zeroes out CDBG among other housing programs. Consequently, in February HUD advised grantee local governments that it could not predict when it will be able to announce FY 2017 allocation amounts, and notified grantee local governments that they may delay submission of their AAPs to HUD until 60 days after the date allocations are announced or until August 16, 2017 (whichever comes first). This delay would give a grantee time to incorporate actual allocation amounts into its AAP and to conduct, if necessary, any additional citizen participation. In a subsequent update, HUD has advised grantee local governments that it has, for the 2017-2018 Annual Action Plans, waived the minimum 30-day public review and comment period in favor of a minimum 14-day period.

Notwithstanding the above, guidelines established by HUD for grantees using CDBG funds, as found in Title 24 CFR (Code of Federal Regulations) Part 91 and Part 570, mandate a minimum of two public hearings prior to the submission of the AAP to HUD. The Citywide Advisory Commission (CAC) has already held two public hearings on the AAP, one on February 23, 2017 to review community development programs and objectives in general, and a second on March 9, 2017 specifically to hear presentations from organizations applying for PY 2017 CDBG funding. City Council has traditionally considered the Annual Action Plan in a public hearing during a regular Council meeting (as is the case this evening), which constitutes a third public hearing.

With the HUD advisory that local governments should not submit their AAPs until after HUD had announced their CDBG allocations, further action by the CAC was placed on hold. Following the June 12, 2017 notification of Carson’s entitlement amount, however, a special meeting of the CAC was called for July 11, 2017, at which time the CAC was to adopt its recommendations on the allocation of CDBG funds to be forwarded to City Council. However, no quorum was present at that July 11, 2017 CAC meeting, thus no action could be taken. Therefore, staff is presenting the previously proposed allocations recommended in March and described in this report and the accompanying exhibits.

Fiscal Year 2017-2018 Annual Action Plan

The draft AAP (Exhibit No. 1) meets the application requirements for the CDBG program. As noted above, following the public hearing, the AAP will be made available to the public for a minimum 14-day public comment and review period (down from the normal 30 days) before being submitted to HUD. The statutes and regulations governing the program set forth three basic objectives against which HUD will evaluate the AAP and the City's performance in relation to its Five-Year Consolidated Plan (covering the 2015-16 through 2019-20 fiscal and related CDBG program years). Each AAP must state how the jurisdiction intends to pursue these objectives. These statutory objectives are: a) provision of decent housing, b) provision of a suitable living environment, and c) provision of expanded economic opportunities.

In conjunction with the draft AAP, a (revised) draft budget for PY 2017 is presented as Exhibit No. 2. (A slightly different draft budget, attached here as Exhibit No. 3, was included with the public notice for this public hearing.) The revised draft budget allocates the anticipated available funds according to HUD-mandated proportions:

- a. not more than 20% for program administration;
- b. not more than 15% for public services; and
- c. the remainder (65%) can be used for physical development activities.

The draft budget is based on a confirmed (as of June 12, 2017) PY 2017 entitlement amount for Carson of \$781,656, which represents an increase of 9.15% from the PY 2016 allocation of \$716,131. The public service allocation includes \$43,220 for a HUD-mandated program of fair housing services, provided under contract by the Los Angeles-based Housing Rights Center (HRC).

The slightly expanded scope of \$43,220 in HRC's contract reflects additional tasks requested to address a number of issues raised in the City's 2015 (resubmitted in 2017) Analysis of Impediments to Fair Housing Choice (AI) and the 2014 Voluntary Compliance Agreement (VCA) which require the City to undertake work to address issues of racial discrimination in housing (renting, purchasing, and mortgage financing).

The highlights of the revised draft budget are as follows:

2017 Entitlement Grant	\$ 781,656
Prior Years' Reprogrammed Funds and Program	
<u>Income (/Estimate)</u>	<u>\$ 500,035</u>
<b>Total 2017 Estimated Funds Available</b>	<b>\$1,281,691</b>
<b>Administrative Staff (Salaries &amp; Benefits)</b>	<b>\$ 156,331</b>
Physical Development (Rehab and Capital Projects) Subtotal	\$ 887,823
<u>Rehabilitation Program Staff (Salaries &amp; Benefits Only)</u>	<u>\$ 120,254</u>
<b>Physical Development Total</b>	<b>\$1,008,077</b>

Fair Housing (Housing Rights Center)	\$ 43,220
Carson Coordinating Council/Carson Child Guidance Program	\$ 14,813
Boys & Girls Clubs of Carson	\$ 14,813
Office of Samoan Affairs	\$ 14,813
South Bay Family Healthcare Center	\$ 14,812
Los Angeles County Sheriff's Department Carson Gang	
<u>Diversion Team</u>	<u>\$ 14,812</u>
<b>Public Services Total</b>	<b>\$ 117,283</b>
<b>TOTAL 2017 ALLOCATION</b>	<b>\$1,281,691</b>

Exhibit No.4 is the Request for Proposals (RFP) for CDBG-funded programs that was issued on December 15, 2016. Exhibit No. 5 notes the 2017-2018 amounts available for allocation among the two categories of programs, and shows the amounts requested by the program applicants. Exhibit No. 5 also provides, for purposes of comparison, the amounts allocated to those applicants for FY 2016-2017 and the Action Plan recommendation for funding in FY 2017-2018,

Exhibit No. 5 also makes reference to a rating of program proposals. This rating process was conducted by staff using the system that was adopted by City Council beginning with the FY 2007 application process and updated by Council in December, 2012. The guidelines are summarized on pages 6 and 7 of Exhibit No. 4, the RFP. Note that the guidelines require that the fair housing services program shall be funded from the maximum 15% of the CDBG allocation permitted to be used for public services. In addition to the required fair housing services program, the guidelines also limit the number of programs funded from the maximum 15% of the CDBG allocation permitted to be used for public services to no more than five per program year.

Exhibit No.6 lists the programs in the order of the rating scores. Exhibit No. 7 (Proposed Project Summary Table) is a capsule summary of the programs for which funding was applied.

#### Citywide Advisory Commission Action

After conducting its own analysis and hearing from the applicants at the public hearing designated for that purpose, once the PY 2017 CDBG allocation became known the CAC called a special Commission meeting for July 11, 2017, at which it was anticipated that the CAC would adopt a PY 2017 CDBG funding recommendation to be presented to City Council at this public hearing. However, on July 11, 2017, the CAC failed to muster a quorum, and therefore no action could be taken,

There is, however, a CAC action that allows staff to move forward with the PY 2017 AAP. At the most recent meeting that the CAC did hold (on March 23, 2017), the Commission approved a motion to recommend funding applicants in the order in which their proposals

were rated by staff, though at that time the amount available for allocation was not known. Based on that approved motion, staff has taken the \$74,063 in available public service funding (representing the public services proportional distribution of \$117,283 minus the \$43,220 reserved for fair housing services) and divided that sum evenly among the top five rated public service programs, so that they each receive \$14,812, with the three dollars thus remaining split among the top three rated programs (so that their allocations total \$14,813). Those five programs, listed in order of their proposal ratings, are as follows:

1. Carson Coordinating Council/Carson Child Guidance Program
2. Boys & Girls Clubs of Carson
3. Office of Samoan Affairs
4. South Bay Family Healthcare Center
5. Los Angeles County Sheriff's Department Carson Gang Diversion Team

### Physical Development Projects

The City has historically committed its physical improvement funds toward its residential (Neighborhood Pride Program), and to a lesser extent, commercial rehabilitation programs. These two programs continue to be supported in the revised draft budget and the draft AAP, but for PY 2017 funding is also included for the Concrete Replacement Program, a program of neighborhood infrastructure improvements (sidewalk, curb and gutter, driveway approaches and access ramps) to be overseen by the City's Public Works Department. The City had planned to include at least one such neighborhood infrastructure project each year to be funded at least in part with CDBG funds, but with the future of the CDBG program in question, that strategy is likewise in question.

The revised draft budget and the revised AAP allocate the available physical development dollars as follows:

Neighborhood Pride Program--(City Wide)	\$337,823
Commercial Loans & Grants--(Target Areas Only)	\$300,000
Architectural Services--(for Commercial Rehabilitation)	\$50,000
Concrete Replacement Program (Street Infrastructure)	\$200,000

The Neighborhood Pride Program has been a popular program for the City, but has a number of drawbacks as the main focus of the CDBG program:

- a. It is very staff intensive.
- b. It leaves a number of other CDBG goals unmet.
- c. It is a relatively slow way to spend CDBG funds and therefore contributes to a chronic problem with CDBG timely expenditure requirements that the City confronts each year.

Therefore, the proposed PY 2017 AAP expands its focus on physical improvements in the following categories:

1. Residential rehabilitation - owner-occupied and rental
2. Commercial rehabilitation and related architectural services
3. Development of housing for low-income families and individuals

4. Improvements to Americans With Disabilities Act (ADA)-related access for disabled individuals

## **V. FISCAL IMPACT**

The proposed action would allocate the PY 2017 CDBG entitlement grant of \$781,656.00, plus estimated prior year funds available for reprogramming and program income eligible for reuse totaling \$500,035, for a total of \$1,281,691.00. Impact to the General fund is not anticipated.

## **VI. EXHIBITS**

1. Draft 2017-2018 Annual Action Plan (pgs. 8-65)
2. CDBG Program Year 2017 Action Plan Revised Draft Budget (pg. 66)
3. CDBG Program Year 2017 Action Plan (Original) Draft Budget (pg. 67)
4. Request for Proposals, Community Development Block Grant Program Year 2017 (pgs. 68-79)
5. 2017-2018 CDBG Funding (pg. 80)
6. Composite Rating of PY 2017 CDBG Applicants (pg. 81)
7. 2017-2018 CDBG Proposed Project Summary Table (pgs. 82-88)

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