



## Legislation Details (With Text)

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**Title:** PUBLIC HEARING TO CONSIDER THE PROPOSED ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FISCAL YEAR 2018/19, AND ADOPTION OF THE 2018-2019 ANNUAL ACTION PLAN (CITY COUNCIL)

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**Attachments:** 1. Exh 1 - 2ndDraftActionPlan\_PY2018\_PubRevu, 2. Exh 2 - DraftBudgetPY18\_061418, 3. Exh 3 - CDBG\_RFP\_PY\_2018\_V2, 4. Exh 4 - FundComp4Council, 5. Exh 5 - RankOrderScores, 6. Exh 6 - PropProjSummaryTbl\_061318

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

Tuesday, July 17, 2018

Special Orders of the Day

### SUBJECT:

**PUBLIC HEARING TO CONSIDER THE PROPOSED ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FISCAL YEAR 2018/19, AND ADOPTION OF THE 2018-2019 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. Generally, City has to submit the AAP to HUD by May 15<sup>th</sup> of each year to meet their July 1 submittal date. However, for the second consecutive year because of delays in the federal government's appropriation process, HUD was unable to inform grantee local governments of their CDBG funding allocations until later in the spring. For both years, HUD issued guidance to local governments advising them not to submit AAPs until after they had been notified of their CDBG allocations. Under that guidance, grantee local governments would have 60 days from the date of the allocation notifications to submit their AAPs. To ensure timely compliance, staff consulted with the HUD Los Angeles Field Office and was advised that the latest date the City could provide HUD with the PY 2018 AAP is August 16, 2018. Based on the above, staff is requesting that the City Council consider the 2018-2019 AAP

in order to enable the AAP to be submitted to HUD by this deadline.

## **II. RECOMMENDATION**

1. OPEN the Public Hearing, TAKE public testimony, and CLOSE the Public Hearing.
2. ALLOCATE the sum of \$140,562 in CDBG public service funding for FY 2018/19 (PY 2018) 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 2018/19 (PY 2018) CDBG budget.
5. APPROVE the submission of the City's 2018-2019 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 prior to the submission of the AAP to HUD. The Citywide Advisory Commission (CAC) held one public hearing on the AAP, on February 8, 2018 (continued to February 22, 2018), where it received testimony from applicants on their proposals. City Council has traditionally considered the AAP in a public hearing during a regular Council meeting (as is the case this evening), which constitutes the second public hearing.

### **Fiscal Year 2018-2019 Annual Action Plan**

The draft AAP (Exhibit No. 1) meets the application requirements for the CDBG program. The required 30-day minimum public review and comment period for the AAP began June 28, 2018 and will end July 30, 2018, enabling the AAP to be submitted by HUD's August 16, 2018 cutoff date. 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:

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

In conjunction with the draft AAP, a draft budget for PY 2018 is presented as Exhibit No. 2. The draft budget allocates the anticipated available funds according to HUD-mandated proportions:

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

The draft budget is based on a confirmed PY 2018 entitlement amount of \$815,109 for Carson, which represents an increase of 4.3% from the PY 2017 allocation of \$781,656. The public service allocation includes \$45,380 for a HUD-mandated program of fair housing services, provided under contract by the Los Angeles-based Housing Rights Center (exercise of the City's option to renew this agreement for a second year will be presented to Council at a subsequent meeting).

The draft AAP and the corresponding draft budget reflect recommendations adopted by the CAC at its meeting of June 14, 2018. The highlights of the draft budget are as follows:

### **PY 2018 Revenues**

PY 2018 Entitlement Grant	\$ 815,109
Prior Years' Reprogrammed Funds and Program Income (Estimate)	<u>\$ 768,296</u>
<b>Total PY 2018 Estimated Funds Available</b>	<b>\$1,583,405</b>

### **PY 2018 Expenditures**

<b>Administrative Staff (Salaries &amp; Benefits, Operations &amp; Maintenance)</b>	<b>\$ 163,021</b>
Physical Development (Rehab and Capital Projects) Subtotal	\$1,159,568
<u>Rehabilitation Program Related Salaries &amp; Benefits</u>	<u>\$ 120,254</u>
<b>Physical Development Total</b>	<b>\$1,279,822</b>
Fair Housing (Housing Rights Center)	\$ 45,380
Boys & Girls Clubs of Carson	\$ 15,864
Carson Coordinating Council/Carson Child Guidance Program	\$ 15,864
Gang Alternatives Program	\$ 15,863
Los Angeles County Sheriff's Department Carson Gang Diversion Team	\$ 15,863
Office of Samoan Affairs	\$ 15,864
<u>South Bay Family Healthcare Center</u>	<u>\$ 15,864</u>
<b>Public Services Total</b>	<b>\$ 140,562</b>
<b>TOTAL PY 2018 ALLOCATION</b>	<b>\$1,583,405</b>

### **Physical Development**

CAC's recommendation to the City Council is consistent with staff's recommendation to CAC with one exception. Staff had recommended CAC recommend the following

expenditures for the physical development budget of \$1,159,568:

- Carson Terrace Rehabilitation: \$385,000
- Neighborhood Pride Program (NPP): \$374,568
- Picnic shelter at Scott Park: \$100,000
- Commercial Façade Program: \$300,000

However, CAC recommended to eliminate the Carson Terrace Rehabilitation and added its entire recommended budget of \$385,000 to the NPP, bringing the NPP total to \$759,568. The Carson Terrace Rehabilitation project includes the local funding commitment toward the rehabilitation of the 62-unit Carson Terrace senior apartment complex on East 219<sup>th</sup> Street. The request for CDBG funds for Carson Terrace was part of an overall \$3.3 million rehabilitation project envisioned by the proposer, the Richman Group, which would include the following improvements paid for from CDBG:

- Upgrading the exterior paint to include multiple colors and shading
- Material enhancements to 25% of the building to include ground level veneer
- Replacement of windows
- Architectural upgrades to the balconies
- Creating an architectural overhang to address the existing non-consistent architectural style
- Landscape upgrading

In addition to the request for CDBG funding, the Richman Group is also seeking Low Income Housing Tax Credits (4% credits) funding from the California Tax Credit Allocation Committee, Tax-Exempt Bond funding from the California Debt Limit Allocation Committee, and funding from the Federal Home Loan Bank Board's Affordable Housing Program. The additional funding would be used toward a substantial remodel of all of the living units within the project.

The Carson Terrace rehabilitation proposal was initially proposed to the City Council's Housing Subcommittee in 2017. One method of providing local funding from CDBG was to undertake a Substantial Amendment to the 2017-2018 AAP. However, based on the timing of the Tax Credit and other application processes, it was not possible to include it as a Substantial Amendment in last fiscal year, thus it was presented for inclusion in the 2018-2019 AAP. One of the incentives to the City for expending these funds in this project was to reduce the remaining program income in the City's CDBG Local Account due to the sale of the Dominguez Trailer Park several years ago. Such additional funds make it challenging for the City to achieve an acceptable timely expenditure rate with HUD.

The recommendation to the CAC related to NPP funding was in line with the program's historical performance in recent years. As of the writing of the draft AAP, the NPP had rehabilitated a total of 34 dwellings (23 single-family homes and 11 mobilehomes) during PY 2017, an output figure that would be roughly duplicated for PY 2018 at staff's recommended allocation of \$374,568. The CAC-recommended allocation of \$759,568 would essentially double the number of homes NPP processed last year which would require additional resources not currently available to staff. From a program effectiveness standpoint, staff stands by its original recommendation to fund the Carson Terrace project, but is bringing forward the CAC's recommendation for the Council to consider, since that is the City's process.

## Public Services

Council may also wish to take note of the public service program recommendations. In making its recommendations, the Citywide Advisory Commission divided \$95,182 (the amount available after subtracting the amount for the Fair Housing program) among the six public service applicants it scored the highest. However, Council may wish to give particular consideration to the Los Angeles County Sheriff's Department Carson Gang Diversion Team. The Gang Diversion Team was allocated \$10,580 in PY 2017 CDBG funds. Historically, this grant has gone directly to the Sheriff's Department. However, the County instituted a new procedure requiring that all contracts, regardless of size, be approved by the Board of Supervisors for approval. As a result, the Sheriff's Department was unable to execute a PY 2017 subrecipient agreement and was forced to forego the approved \$10,580. Staff would recommend that in considering a PY 2018 allocation for the Gang Diversion Team, Council add \$10,580 to the amount it would ordinarily have approved, so that the Gang Diversion Team does not lose funding. If the Council elects to grant the Sheriff the replacement funding, the recommendation would be for a total of \$24,600 to the Sheriff and the other recipients would receive \$14,100 rather than \$15,863.

Exhibit No. 3 is the Request for Proposals (RFP) for CDBG-funded programs, which was issued on December 18, 2017. Exhibit No. 4 notes the 2018/19 amounts available for allocation among the two categories of programs, and shows the amounts requested by the program applicants. Exhibit No. 4 also provides, for purposes of comparison, the amounts allocated to those applicants for FY 2017/18 and the Action Plan recommendation for funding in FY 2018/19.

Exhibit No. 5 displays a rating of program proposals. This rating process was conducted by staff using the system that was adopted by City Council beginning with the PY 2007 application process and updated by Council in December, 2012. The guidelines are summarized on pages 6 and 7 of Exhibit No. 3, 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. 5 lists the programs in the order of the rating scores. Exhibit No. 6 (Proposed Project Summary Table) is a capsule summary of the programs for which funding was applied.

## **V. FISCAL IMPACT**

The proposed action would allocate the PY 2018 CDBG entitlement grant of \$815,109.00, plus estimated prior year funds available for reprogramming and program income eligible for reuse totaling \$768,296.00 for a total of \$1,583,405.00. Impact to the General Fund is not anticipated.

## **VI. EXHIBITS**

1. Draft 2018-2019 Annual Action Plan (pgs. 6-61)
2. CDBG Program Year 2018 Action Plan Draft Budget (pg. 62)
3. Request for Proposals, Community Development Block Grant Program Year 2018 (pgs. 63-74)

4. 2018-2019 CDBG Funding (pg. 75)
5. Composite Rating of PY 2018 CDBG Applicants (pg. 76)
6. 2018-2019 CDBG Proposed Project Summary Table (pgs. 77-81)

1.

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