



## Legislation Details (With Text)

**File #:** 2019-478      **Version:** 1      **Name:**  
**Type:** Special Order      **Status:** Agenda Ready  
**File created:** 5/8/2019      **In control:** City Council  
**On agenda:** 5/21/2019      **Final action:**  
**Title:** PUBLIC HEARING TO CONSIDER A SUBSTANTIAL AMENDMENT TO THE 2018-2019 ANNUAL ACTION PLAN (CITY COUNCIL)  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** 1. Substantial Amendment PY 2018, 2. SubAmdtPY2018\_Rev, 3. 2018-2019 Proposed Amended CDBG Uses - FINAL

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

## Report to Mayor and City Council

Tuesday, May 21, 2019  
Special Orders of the Day

### SUBJECT:

**PUBLIC HEARING TO CONSIDER A SUBSTANTIAL AMENDMENT TO THE 2018-2019 ANNUAL ACTION PLAN (CITY COUNCIL)**

### I. SUMMARY

The City of Carson proposes to amend the 2018-2019 Annual Action Plan to revise previously budgeted Community Development Block Grant (CDBG) funds to align with resources available. Amendment of the Annual Action Plan is necessary because one of the proposed revisions would result in a decrease of over \$300,000 in activity allocation. Under the City's CDBG Citizen Participation Plan, an increase or decrease in an activity allocation greater than \$300,000 constitutes a "substantial change" necessitating a Substantial Amendment to a Five-Year Consolidated Plan or Annual Action Plan, as applicable.

U. S. Department of Housing and Urban Development (HUD) regulations, as well as the City's Citizen Participation Plan, require that a public hearing be held by the City Council regarding the proposed Substantial Amendment prior to its approval and submission to HUD.

### II. RECOMMENDATION

TAKE the following actions:

1. OPEN the Public Hearing, TAKE public testimony, and CLOSE the Public Hearing.
2. APPROVE the submission of a Substantial Amendment to the 2018-2019 Annual Action Plan to the U. S. Department of Housing and Urban Development.
3. AUTHORIZE the following reallocations of Community Development Block Grant funds, in the 2018-2019 Annual Action Plan budget:
  - A. Increase the allocation for the Neighborhood Pride Program from \$374,568 to \$611,894.
  - B. Reduce the allocation for Commercial Loans and Grants (Commercial Rehabilitation) from \$250,000 to \$190,000.
  - C. Reduce the allocation for Architectural Services from \$50,000 to 0.
  - D. Reduce the allocation for Scott Park (Foisia Park) Improvements from \$485,000 to \$0.
  - E. Reduce the allocation for the Los Angeles County Sheriff's Department Carson Gang Diversion Team from \$15,863 to \$0.

### **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate.

### **IV. BACKGROUND**

Each year during a program year cycle beginning each July 1<sup>st</sup> and concluding on the subsequent June 30<sup>th</sup>, HUD determines the CDBG amount the City receives in the form of an "entitlement" allocation based on the City's overall population, its proportion of low- and moderate-income residents, and other demographic factors. However, if all those funds are not expended in the program year for which they were allocated, HUD will include the unexpended funds in City's letter of credit for the following program year.

The City's 2018-2019 Annual Action Plan budget was based on the assumption that at the beginning of the program year, the balance of unexpended funds in the City's letter of credit balance would be approximately \$768,296. This Action Plan budget projected balance of unexpended funds (\$768,296) plus the full entitlement amount for the program year (\$815,109) for a total budgeted allocation of \$1,583,405.

The actual amount of accumulated unspent funds, as of the beginning of program year 2018-2019, totaled approximately \$573,544. It will as a result be necessary to revise the Action Plan budget to \$1,388,653 (consisting of the \$815,109 in current year entitlement funds plus the \$573,544 in accumulated unspent funds), a reduction of \$194,752. This adjustment necessitates the following reallocations for:

- Neighborhood Pride Program: (increase of \$237,326);
- Commercial Loans and Grants Program: (a decrease of \$60,000);

- Architectural Services: (a decrease of \$50,000);
- Scott Park Improvements: (a decrease of \$485,000); and
- Los Angeles County Sheriff's Department Carson Gang Diversion Team program: (a decrease of \$15,863).

### **Revised Activities and Funding Reallocations**

Neighborhood Pride Program: The Neighborhood Pride Program is designed to assist (in the form of loans and grants) low-income and moderate-income owners of single family detached dwellings and mobilehomes with the preservation of decent, safe, and sanitary housing. This program corrects hazardous structural conditions, makes improvements considered necessary to eliminate blight, promotes healthy, sustainable, and resource-efficient housing, improves disabled access, and corrects building and health and safety code violations. Eligible items include roofing, driveway replacement, exterior painting, stucco work, correction of faulty plumbing and heating, replacement of deteriorated stairs, hazardous wiring repairs, and security lighting. This program was allocated \$374,568 in CDBG funds in the Action Plan budget. However, the volume of projects expected to be approved in the current program year (resulting from greater than anticipated demand for this program) has resulted in the need to increase this CDBG allocation to \$611,894 (an increase of \$237,326).

Commercial Loans and Grants Program: The Commercial Loans and Grants (also referred to as Commercial Rehabilitation) Program offers owners of commercial properties serving low-income and moderate income areas with rehabilitation assistance (in the form of grants or loans, as applicable) of up to \$25,000 for façade improvements, and up to \$95,000 for substantial rehabilitation projects. Eligible work includes new stucco, paint, store fronts, architectural enhancements, stone or brick veneers, and channel letter signs. This program was allocated \$250,000 in CDBG funds in the Action Plan budget. With one project (\$95,000) already under construction and one more of similar scope expected in the current program year, staff is recommending revising this CDBG allocation to \$190,000 (a decrease of \$60,000).

Architectural Services: The Action Plan budget included a \$50,000 allocation for anticipated architectural design and related services in connection with the Commercial Rehabilitation Program. It is now anticipated that these services will not be used in the current program year, thus staff is recommending that this allocation be removed (a decrease of \$50,000).

Scott Park Improvements: The Action Plan budget allocated \$485,000 for improvements to Scott Park (subsequently renamed Foisia Park) consisting of demolition and reconstruction of the picnic shelter, installation of fixtures to make the park compliant with the Americans with Disabilities Act as well as other capital improvements. At this point in the program year, there is little possibility of the project getting started prior to the end of the program year (and City fiscal year) June 30. Thus, staff proposes to defer the project to 2019-2020. Staff has identified other funding such as grants or Quimby Act funds for this proposed project. Therefore, the 2018-2019 CDBG allocation for this project should be removed (a decrease of \$485,000).

Los Angeles County Sheriff's Department Carson Gang Diversion Team: Under the public services component of CDBG, \$15,863 had been allocated to the Los Angeles County Sheriff's Department Carson Gang Diversion Team, a diversion program featuring counseling and case management and focused on youth who have already developed gang affiliations. Sheriff's Department officials have indicated that this program has been so successful in securing other sources of funding that it can forego the allocated CDBG funds. Therefore, the 2018-2019 CDBG allocation for this program should be removed (a decrease of \$15,863).

Unallocated Funds: Staff's above-described budgetary revisions would reduce budgeted expenditures to \$1,209,868 compared to actual resources of \$1,388,653, leaving a balance of unallocated funds of \$178,785. Staff believes it is prudent to carry over the resulting projected balance of \$178,785 in unallocated funds to be utilized in the 2019-2020 Annual Action Plan budget.

## **V. FISCAL IMPACT**

The recommended actions would result in a projected balance of unallocated funds in the CDBG 2018-2019 Annual Action Plan budget of \$178,785, which would be carried over into the 2019-2020 program year. There would be no General Fund impact.

## **VI. EXHIBITS**

1. Proposed CDBG Substantial Amendment to the 2018-2019 Annual Action Plan (Draft for Public Review, March 28, 2019). (pgs. 5-7)
2. Proposed CDBG Substantial Amendment to the 2018-2019 Annual Action Plan (Revised). (pgs. 8-11)
3. 2018-2019 Action Plan Substantial Amendment Proposed Amended Uses. (pg. 12)

Prepared by: Keith Bennett, Community Development Department