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**Title:** CONTINUED PUBLIC HEARING ON THE 2020-2024 FIVE-YEAR CONSOLIDATED PLAN, 2020-2021 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ANNUAL ACTION PLAN, AND ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE (CITY COUNCIL) (CONTINUED FROM 5/5/20)

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**Report to Mayor and City Council**

Tuesday, May 19, 2020

Special Orders of the Day

**SUBJECT:**

**CONTINUED PUBLIC HEARING ON THE 2020-2024 FIVE-YEAR CONSOLIDATED PLAN, 2020-2021 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ANNUAL ACTION PLAN, AND ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE (CITY COUNCIL) (CONTINUED FROM 5/5/20)**

**I. SUMMARY**

The City Council continued this item from the May 5, 2020 City Council meeting. During that meeting, the City’s HUD representative provided an overview of the CDBG program as well as the COVID-19 CDBG funds (CDBG-CV). Previously, the City Council had continued this item from the April 21, 2020 City Council meeting to allow Councilmembers additional time to review the information provided for this item. On May 11, 2020, the Disaster Council (DC) made recommendations to the City Council on use of the Planning Year 2020 CDBG funds as well as the new CDBG-CV funds.

**CDBG**

Due to the Pandemic, the U.S. Department of Housing and Urban Development (HUD) has extended the deadline to submit the 2020 Annual Action Plan (AAP) and the Five-Year Consolidated Plan (ConPlan), which sets forth the allocations for the \$804,895.00 to be distributed in FY2020 from May 15, 2020 to August 2021. However, staff recommends the City Council take action on the AAP and ConPlan as soon as Council is ready to do so because the later the City Council takes action, the later the City would receive the \$804,895.00 allocation and would be able to spend the funds. There are a few matters the City Council should consider when taking action on these items. First, consider the differences in the recommendations between those made by staff to the Citywide Advisory Commission (CAC) and from the CAC to the City Council. Second, consider the DC’s May 11<sup>th</sup> recommendations to the City Council regarding these funds.

Disaster Council

On May 11, 2020, the DC recommended to the City Council to use the entire \$440,756 Neighborhood Pride Program (NPP) recommended budget, as recommended by staff to the CAC, for activities related to COVID-19. More specifically, the DC’s recommendation was to use the funds for a COVID-19 Recovery Program for small businesses with 50 or less employees. These funds are to be used for capital improvements and other eligible assistance needed to re-open the businesses in the post-lockdown environment.

Staff Recommendations Compared to CAC Recommendations

The following provides a summary of the recommendations by activity:

	Staff recommendation to CAC	CAC Recommendation to CC	Disaster Council Recommendation to CC
NPP	\$440,756	\$242,710	\$0
Foisia Park	\$0	\$110,000	\$0
Concrete Replacement Program	\$0	\$110,000	\$0
NPP Administration	\$88,065	\$60,677	\$0
COVID-19 Small Business Recovery Assistance Program	\$0	\$0	\$440,756
COVID-19 Small Business Recovery Assistance Program Administration	\$0	\$0	\$88,065

The following provides a summary of the recommendations for service providers:

	Staff recommendation to CAC	CAC Recommendation to CC
Fair Housing (Housing Rights Center)	\$45,000	\$45,000
Boys and Girls Club of Carson	\$40,000	\$40,000
Bridges Community Economic Development Corporation	\$0	\$20,434

Harbor Area Gang Alternatives Program	\$15,000	\$0
South Bay Family HealthCare	\$15,300	\$15,300
Total	\$115,300	\$120,734

Staff has contacted all service providers to obtain any new information regarding their services and how they are impacted by the Pandemic. All service providers have indicated they are still moving forward with their services during the Pandemic and have adjusted their services as necessary. The only service provider that maybe directly impacted by the Pandemic is the Harbor Area Gang Alternatives Program, which runs its program in schools. If the schools remain closed, it would be difficult from them to provide the services. However, they are hopeful that once the schools open, they can provide their services. It should be noted that just approving the funds for service providers does not mean the funds will be distributed to them. They are required to provide the service first and provide documentation to the City on costs and service delivery in order to be reimbursed for providing services.

**CDBG-CV**

Additionally, the DC recommended to the City Council to use the entire \$472,890.00 from the CDBG-CV on programs specifically designed to address the recovery of small businesses as well. These funds can be used for making capital improvements needed to re-open or to expand the City’s small business loan program to the fullest extent allowed by the CDBG program. Approval of the expenditure of these funds can be accomplished by amending the PY 2019 Annual Plan (the current year), which would have to be scheduled for a future City Council meeting to meet the required public hearing noticing requirements. However, City Council can provide guidance to staff on the type of expenditures the Council would like staff to explore so when the item is scheduled for a hearing, it would be aligned with the Council’s goals. It should be noted that HUD has not released the final guidance on how to use these funds.

Staff is working with HUD to determine more specifically the kind of businesses and the improvements that qualify under both these programs. The following provides some examples of activities that could qualify under these programs:

- Physical improvements to interior of businesses to assist them comply with social distancing requirements;
- Job training, retention and creation;
- Payments for rent, payroll, working capital, utilities.

HUD is mindful of the requirement that there be no “duplication of benefits,” i.e. setting up a program that is similar to SBA or state assistance programs, so efforts need to be made to tailor the program to fill a gap or meet an unmet need. Programs to help businesses in a forward-looking manner - to help effect change - appear to be ideal for these funds.

**II. RECOMMENDATION**

**TAKE** the following actions:

1. **OPEN** the Public Hearing, **TAKE** public testimony, and **CLOSE** the Public Hearing; AND
2. **A. ALLOCATE** CDBG funding for FY 2020/21 (Planning Year 2020) as recommended by the **Disaster Council**; OR
  - B. ALLOCATE** CDBG funding for FY 2020/21 (Planning Year 2020) as recommended by the **Citywide Advisory Commission**; OR
  - C. ALLOCATE** CDBG funding for FY 2020/21 (Planning Year 2020) as recommended by **Staff to the Citywide Advisory Commission**; OR
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; AND
4. **APPROVE** the proposed FY 2020/21 (PY2020) CDBG budget; AND
5. **APPROVE** the submission of the City's 2020-2024 Five-Year Consolidated Plan, 2020-2021 Annual Action Plan, and Analysis of Impediments to Fair Housing Choice to the U. S. Department of Housing and Urban Development.

### III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

### IV. BACKGROUND

The City of Carson, as a recipient of CDBG funds from the federal government, is required to prepare a Five-Year Consolidated Plan and an Annual Action Plan (AAP) for the use of those resources. Included in that mandate is the furthering of fair housing within the jurisdiction through such means as the preparation of an Analysis of Impediments to Fair Housing Choice. This public hearing represents the final opportunity to elicit public input into the development of these related documents prior to submission to HUD. Staff was moving forward with submission of these documents to HUD by the normal submission deadline of May 15, although the recent passage by Congress of Coronavirus-related CDBG funding and other actions has extended the deadline for jurisdictions to submit their 2020 AAPs, and the CDBG-CV funding will necessitate subsequent revisions (by means of Substantial Amendment) to either the 2019 or 2020 AAP. HUD's recommendation is that an Amendment to the 2019 AAP has a much simpler and quicker review period, though that Amendment is not on this agenda.

HUD has notified the City that it will receive \$803,871.00 in CDBG entitlement funding for Program Year 2020 (City Fiscal Year 2020/21). The proposed CDBG budget for 2020-2021 includes that entitlement allocation plus \$1,024.00 in eligible program income, for a total budget of \$804,895.00.

The City of Carson has been a recipient of CDBG funds annually since the enactment of the Housing and Community Development Act of 1974, due to its status as an “entitlement” jurisdiction (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 persons of low- and moderate income.

Guidelines established for jurisdictions participating in HUD’s formula grant programs, including CDBG, as found in Title 24 CFR (Code of Federal Regulations) Part 91 and Part 570, mandate the preparation and submission of a ConPlan every five years, and an AAP each year. The ConPlan can be viewed as a strategic plan for the use of CDBG funds as well as other resources that the City devotes toward the achievement of similar objectives over a five-year period, with the AAP constituting the annual update of that strategy. HUD will evaluate the ConPlan and AAP against three basic objectives for the CDBG program: a) provision of decent housing, b) provision of a suitable living environment, and c) provision of expanded economic opportunities.

Essentially, a ConPlan consists of the following components:

- Consultations with public and private agencies regarding housing and non-housing issues;
- A Housing and Market Analysis describing the City’s demographics, housing and facilities and services for the homeless as well as non-homeless persons with special needs;
- Assessment of housing and non-housing community development needs for the City; and
- Five-year strategies for such issues as affordable housing and homelessness, non-housing community development, and housing.

The City’s most recent ConPlan was submitted in 2015, and covers CDBG Program Years 2015 through 2019 (encompassing the period beginning July 1, 2015 and ending June 30, 2020). The City must now submit to HUD a new ConPlan for Program Years 2020 through 2024 (encompassing the period beginning July 1, 2020 and ending June 30, 2025). As it has done each year, the City must also submit an AAP for Program Year 2020 (the period beginning July 1, 2020 and ending June 30, 2021), which, as the first year of the ConPlan cycle, will be included as part of the ConPlan.

HUD also mandates that recipient jurisdictions take affirmative steps to further fair housing within their boundaries. Specifically, jurisdictions are required to periodically prepare an Analysis of Impediments to Fair Housing Choice (AI). HUD recommends that jurisdictions prepare AIs at the same time that they prepare their ConPlans, and the City is complying with that recommendation.

The purpose of the AI is to serve as the substantive, logical basis for fair housing planning, and provide essential and detailed information to policy makers, administrative staff, housing providers, lenders, and fair housing advocates. It accomplishes this purpose by reviewing the impediments to fair housing that may exist in the private and public sectors in the subject jurisdiction, in accordance with the Fair Housing Act.

An AI involves:

- A comprehensive review of the jurisdiction's laws, regulations, and administrative policies, procedures, and practices.
- An assessment of how those laws, regulations, administrative policies, procedures, and practices affect the location and availability of housing, services, commercial and retail development; and
- An assessment of conditions, both public and private, affecting fair housing choice in areas of low and high opportunity.

The ConPlan and AI were prepared with the assistance of a consulting firm, Western Economic Services.

The HUD regulations regarding ConPlans and AAPs mandate a citizen participation and public review process. This includes a minimum of two public hearings prior to the submission of a ConPlan or an AAP. City staff and Western Economic Services convened two public input sessions on the ConPlan and the AI on December 3, 2019 and February 4, 2020. The Citywide Advisory Commission held a public hearing on February 20, 2020 regarding the ConPlan and AAP. Consequently, this evening's hearing constitutes the second hearing. During its regular meeting on March 12, 2020, the CAC met to adopt its recommendation for funding for projects and programs in the Program Year 2020 AAP. Drafts of the ConPlan and AI were made available on March 19, 2020, and subjected to a HUD-mandated 30-day public review and comment period which concluded on April 20, 2020.

Each year, considerable public interest is devoted to the allocation of CDBG funds for eligible community public services. Per CDBG regulations, this funding is restricted to no more than 15% of the annual entitlement allocation (that is, \$120,580.00) plus 15% of the anticipated program income earned in the preceding (that is, program year 2019-2020) program year (that 15% portion estimated to be \$153.00), for a total 2020-2021 public services allocation of \$120,733.00. A request for proposals (RFP) for public service providers was issued by the City's Purchasing Division on January 9, 2020, with a response deadline of January 29, 2020. That RFP generated five responses, from the following entities:

- Boys and Girls Clubs of Carson
- Bridges Community Economic Development Corporation
- Harbor Area Gang Alternatives Program
- Housing Rights Center
- South Bay Family Health Care

The draft ConPlan issued for public review and comment (Exhibit No. 1) includes the recommended Program Year 2020-2021 AAP allocations adopted by the CAC. It was noted above that staff presented a different recommendation to the CAC than the one the CAC eventually adopted. A comparison of the two recommendations is presented as Exhibit No. 2. (Due to a slight miscalculation by staff, the public service cap presented to the CAC was \$120,772.00 rather than the correct figure of \$120,733.00. That error has been corrected in Exhibit No. 2.) It is further noted that both staff and the CAC agreed on funding the fair housing services provided by the Housing Rights Center at the requested amount of

\$45,000. These services are critical in assisting the City in fulfilling the aforementioned mandate to affirmatively further fair housing, and in carrying out many of the recommendations in the draft Analysis of Impediments (Exhibit No. 3).

The final exhibit being presented is Exhibit No. 4 (Proposed Project Summary Table), which is a capsule summary of the funding requests.

One area in which the CAC's adopted recommendation differed from that of staff was in the public service providers to be funded. Both staff and the CAC recommended funding four of the five applicants, but differed as to which four. Staff recommended not funding Bridges Community Economic Development Corporation, while the CAC chose to not recommend funding for Harbor Area Gang Alternatives Program. Staff's rationale was largely based on the program rating, which in Bridges' case was negatively impacted by staff turnover that had affected its ability to deliver its program (it was forced to relinquish its awarded grant during 2017-18, and did not apply for funding in the two subsequent years). The CAC's expressed reasoning for not recommending funding for Harbor Area Gang Alternatives Program was a feeling that its curriculum was outmoded and not as relevant as it could be.

Another area in which the recommendations of staff and the CAC differ is in the area of capital improvement programs. Given the limited amount of funding available in this category, staff opted to recommend allocating all the available funding to the Neighborhood Pride Program (residential rehabilitation program). The CAC opted instead to recommend allocating \$110,000 to each of the other two projects applying for funding, the proposed improvements at Foisia Park and the Public Works Department's Concrete Replacement (street infrastructure) Program. Staff has two primary concerns with CAC's recommended allocations in this area: that the projects need to be "shovel-ready", in that the planning, construction, and project management needs to take place within a one-year timeframe to meet HUD's timely fund drawdown requirements; and absent other sources of funding, the recommended allocations would have very limited impact in relation to the described scope of the projects.

#### Community Development Block Grant Coronavirus (CDBG-CV)

Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 25, 2020 and the President signed it on March 27, 2020, authorizing \$2.2 trillion in a variety of stimulus measures to prevent, prepare for, and respond to the COVID-19 pandemic. Included in that legislation are \$2 billion for CDBG entitlement communities. Carson has been informed that it will receive \$472,890.00. More specific guidance from HUD as to the types of assistance eligible for this funding, as well as the timing of and process for disbursements, is expected to be forthcoming. Staff at HUD's Los Angeles Field Office has advised the City that Substantial Amendments to the current ConPlan and AAP, as well as the new Consolidated Plan and Annual Action Plan once enacted, will be necessary. HUD has reminded staff that CDBG-CV has been awarded to communities under the Stafford Act as part of the Disaster Recovery Program, and is governed under guidelines that are unfamiliar to most communities that have not administered this type of disaster funding. HUD is preparing more specific guidance for communities to use this type of funding.

## **V. FISCAL IMPACT**

The proposed action would allocate the PY 2020 entitlement grant of \$803,871.00 and CDBG program income eligible for reuse totaling \$1,024.00, for a total of \$804,895.00. Impact to the General Fund is not anticipated.

## **VI. EXHIBITS**

1. Draft 2020-2024 Five-Year Consolidated Plan (pgs. 9-187)
2. CDBG Program Year 2020 Action Plan-Comparison of Recommendation by Staff to Citywide Advisory Commission with Recommendation Adopted by Citywide Advisory Commission (pg. 188)
3. Draft Analysis of Impediments to Fair Housing Choice (pgs. 189-288)
4. 2020-2021 CDBG Proposed Project Summary Table (pgs. 297-292)

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