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**Title:** PUBLIC HEARING TO CONSIDER THE PROPOSED ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FISCAL YEAR 2023/24, AND ADOPTION OF THE 2023-2024 ANNUAL ACTION PLAN (CITY COUNCIL)

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**Attachments:** 1. EXHIBIT 1 - AP DRAFT, 2. EXHIBIT 2 - CDBG DRAFT BUDGET 03-15-23, 3. EXHIBIT 3 - CDBG DRAFT BUDGET

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

Tuesday, April 18, 2023

Special Orders of the Day

**SUBJECT:**

**PUBLIC HEARING TO CONSIDER THE PROPOSED ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FISCAL YEAR 2023/24, AND ADOPTION OF THE 2023-2024 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. Staff noticed the required public hearing for this Council meeting and prepared a draft 2023-2024 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.

HUD posted the PY 2023 entitlement allocations for its grantee jurisdictions on its website on February 28, 2023. The allocation for Carson is \$709,223, a reduction of \$7,139 (1%) from the PY 2022 level of \$716,352. Staff then proceeded to prepare a draft AAP, subject it to the required minimum 30-day public review period and published the public hearing

notice.

## II. RECOMMENDATION

1. **OPEN** the Public Hearing, **TAKE** public testimony, and **CLOSE** the Public Hearing.
2. **ALLOCATE** CDBG public service funding for FY 2023/24 (PY 2023) as designated by City Council.
3. **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.
4. **APPROVE** the proposed FY 2023/24 (PY 2023) CDBG budget.
5. **APPROVE** the submission of the City's 2023-2024 Annual Action Plan to the U. S. Department of Housing and Urban Development; and
6. **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.

## 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 demographic criteria described above.)

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. City Council has traditionally considered the AAP in a public hearing during a regular Council meeting which constitutes the 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 March 16, 2023 and ending April 17, 2023. That draft AAP included a budget for PY 2023 that was based on the confirmed entitlement amount of \$709,223 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.

The budget summary that accompanied the draft AAP is included as Exhibit No. 2. A revised version of that budget, which presents specific recommended amounts for the public service programs, is included as Exhibit No. 3.

### **Program Administration**

The maximum of 20% or \$141,844 for program administration has been included in the proposed budget.

### **Capital Improvements**

The bulk of the capital funding in the draft AAP is allocated to the Neighborhood Pride Program (residential rehabilitation) which would be funded at \$228,944. As written, the draft AAP also includes \$220,000 for the long-delayed Anderson Park Improvements project (physical improvements to improve that park's compliance with the Americans with Disabilities Act, ADA). Also included under Capital Improvements is an allocation of \$32,557 to cover rehabilitation program staffing costs, bringing the Capital Improvements total to \$481,501.

#### Anderson Park

The 2022-2023 AAP includes an allocation of \$220,000 for improvements to Anderson Park which is part of a larger \$1.3 million project. The bids for the project are due on May 11<sup>th</sup>; therefore, the project will not be started and be completed by the end of the 2022-2023 AAP program year ending on June 30, 2023. Consistent with previous City Council direction, staff is proposing to allocate \$220,000 in the 2023-2024 AAP.

As stated in the March 7, 2023 staff report, pursuant to the Housing and Community Development Act of 1974, HUD is required to determine annually whether a grantee jurisdiction is expending its CDBG funds in a timely manner, as determined by having a letter of credit ratio of 1.5 times its current entitlement grant 60 days prior to the end of the

program year (or by the end of April). HUD had waived enforcement of this requirement during the COVID-19 pandemic, but this waiver period is coming to an end. As of February 21, 2023, the City's ratio is 2.26. Therefore, the City is required to expend its allocation in the applicable program year and the ability to expend allocated funds in a timely manner becomes even more important. Repeated deficiencies in the timely expenditure rate could result in consequences for the City's CDBG program up to and including the loss of funding.

### **Public Services**

CDBG regulations limit public services to no more than 15% of CDBG funds, which based on the PY 2023 allocation totals \$106,383. Carson has historically allocated the maximum 15% to local non-profit human and social service providers. For PY 2023, six proposals were received. The six requests total \$275,000, far exceeding the \$106,383 limit imposed by HUD. Therefore, staff's recommendation to City Council for 23-24 AAP is to consider continuing to fund the five programs currently funded (Southern California Housing Rights Center, Boys and Girls Clubs of Carson, Harbor Area Gang Alternatives Program, Office of Samoan Affairs, and Venice Family Clinic) for the same amounts but with a reduction of 1% based on the overall 1% reduction of City's allocation for the PY 2023.

The sixth proposal received, from Family Promise of the South Bay, is recommended to be funded through the COVID-related CDBG-CV program, similar to how the program was funded last year. The following provides additional details for the public services.

#### Housing Rights Center

HUD mandated that jurisdictions receiving CDBG funding affirmatively further fair housing within their boundaries, and fair housing services are counted under the public services cap. Consequently, one of the proposals was from the City's current fair housing services provider, the Los Angeles-based Southern California Housing Rights Center (HRC), whose services enable the City to fulfill HUD's mandate. HRC requested \$40,000. While it is critical to maintain this program, given the overall reduction in the City's entitlement allocation it is difficult to maintain it at its current funding level. Therefore, staff is recommending \$34,627.

#### Other Service Providers

The other proposals received, with current allocated amounts, requested amounts, and staff's recommendations for PY 2023 (which, including the housing Rights Center, total \$85,878), are as follows.

- *Boys and Girls Clubs of Carson (after school and summer development and educational support programming for youth at 21502 South Main Street, Carson):*
  - Current Allocation: \$20,708
  - Requested Allocation: \$100,000
  - Recommended Allocation: \$20,501

- Projected service level: 50 Carson households
  
- *Harbor Area Gang Alternatives Program (gang prevention curriculum for fourth grade students in the following elementary schools: Ambler Avenue, Catskill Avenue, Dolores Street, Dominguez, Towne Avenue, and 232<sup>nd</sup> Place, Carson)*
  - Current Allocation: \$10,354
  - Requested Allocation: \$15,000
  - Recommended Allocation: \$10,250
  - Projected service level: 400 Carson households
  
- *Office of Samoan Affairs (multifaceted program of social services to youth, elderly, and families, including such services as advocacy and referral, job assistance, life skills management assistance, domestic violence counseling and prevention, and counseling to the homeless and persons at risk of homelessness at 454 East Carson Plaza Drive, Suite 109, Carson)*
  - Current Allocation: \$10,354
  - Requested Allocation: \$25,000
  - Recommended Allocation: \$10,250
  - Projected service level: 90 Carson households
  
- *Venice Family Clinic (free community health clinic for the uninsured and underinsured at 270 West 223<sup>rd</sup> Street, Carson)*
  - Current Allocation: \$10,354
  - Requested Allocation: \$20,000
  - Recommended Allocation: \$10,250
  - Projected service level: 2,000 Carson households

Staff's recommendations included above were an attempt to provide a fair distribution to these five service providers based on the amounts they are receiving in the current year and the overall reduction of 1% in the City's CDBG allocation.

Family Promise of the South Bay

The sixth proposal was from Family Promise of the South Bay, which requested \$75,000. That provider is currently receiving \$60,000 in CDBG-CV funding (the supplemental CDBG funding to deal with the coronavirus emergency), and staff is recommending that this provider continue to be funded through that source (Recommendation No. 6 above). If directed by City Council, staff will bring back a substantial amendment to the 2019-2020 Annual Action Plan (under which the CDBG-CV funds were allocated) to allocate funds to Family Promise of the South Bay from the CDBG-CV funds.

**V. FISCAL IMPACT**

The proposed action would allocate the PY 2023 CDBG entitlement grant of \$709,223.00, as follows:

215-70-720-100-5002 (Administration)	\$141,844.00.
215-70-720-904-8008 (Anderson Park Improvements)	\$220,000.00
215-70-720-964-5002 (NPP Staff Costs)	\$ 32,557.00
215-70-720-964-6004 (Housing Rights Center)	\$ 34,627.00
215-70-720-964-6062 (Neighborhood Pride Program)	\$228,944.00
215-70-720-980-6004 (Public Services)	\$ 51,251.00

There is no impact to the General Fund is anticipated from the CDBG allocation.

**VI. EXHIBITS**

1. 2023-2024 Annual Action Plan, Draft for Public Review (pgs. 7-58)
2. CDBG Program Year 2023-Action Plan Draft Budget 3/15/23 (pg. 59)
3. CDBG Program Year 2023-Action Plan Draft Budget with Public Service Detail (pg. 60)

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