



## Legislation Text

File #: 2023-0130, Version: 1

### Report to Mayor and City Council

Tuesday, March 07, 2023

Special Orders of the Day

#### SUBJECT:

**PUBLIC HEARING TO CONSIDER A SUBSTANTIAL AMENDMENT TO THE 2022-2023 ANNUAL ACTION PLAN AND CONSIDER ADOPTION OF RESOLUTION NO. 23-045, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, REALLOCATING CURRENT YEAR COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS FROM ANDERSON PARK IMPROVEMENTS TO THE NEIGHBORHOOD PRIDE PROGRAM" (CITY COUNCIL)**

#### I. SUMMARY

Staff proposes to amend the City's 2022-2023 Annual Action Plan to reallocate previously-budgeted current year Community Development Block Grant (CDBG) funds to increase the available funding for the Neighborhood Pride (residential rehabilitation) Program (NPP).

U. S. Department of Housing and Urban Development (HUD) regulations, as well as the City's Citizen Participation Plan, require that public hearings be held by the City Council regarding proposed Substantial Amendments prior to their 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 2022-2023 Annual Action Plan to the U. S. Department of Housing and Urban Development.
3. AUTHORIZE the following reallocation of Community Development Block Grant (CDBG) funds within the 2022-2023 Annual Action Plan: \$220,000.00 from Anderson Park Improvements to the Neighborhood Pride Program.
4. WAIVE further reading and ADOPT Resolution No. 23-045, "A Resolution of the City Council of the City of Carson, California, Reallocating Current Year Community Development Block Grant Funds from Anderson Park Improvements to the Neighborhood Pride Program".

### III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

### IV. BACKGROUND

Each year, the City receives from HUD an entitlement amount of CDBG funding based on the City's overall population, its proportion of low- and moderate-income residents, and other demographic factors. However, if not all those funds are expended in the program year in which they were allocated, the result is the accumulation of unexpended funds in the City's letter of credit balance with HUD.

Under 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, the City's ratio is 2.26. Therefore, the City needs to accelerate its expenditures.

The 2022-2023 Annual Action Plan includes an allocation of \$220,000 for improvements to Anderson Park. However, because of other capital projects currently being overseen by the Public Works Department, it does not appear that this project will be started and completed by the end of the program year June 30. Therefore, to assist with meeting the above-stated timeliness expenditure requirement, staff is recommending that the \$220,000 be reallocated from Anderson Park Improvements to NPP.

The originally submitted Annual Action Plan had allocated \$233,183 to the NPP. A Substantial Amendment approved by City Council on December 6, 2022 reallocated \$863,174 in accumulated unspent prior years' CDBG funds to the NPP, raising its allocation to \$1,096,357. The recommended action would further increase the allocation for the NPP to \$1,316,357; as shown below:

#### Current Allocation:

<u>Entitlement</u>	<u>Prior</u>	<u>Year</u>	<u>Total</u>
	<u>Funds</u>	<u>Funds</u>	<u>Allocation</u>
Anderson Park Improvements	\$220,000	\$0	\$220,000
Neighborhood Pride Program	\$233,183	\$863,174	\$1,096,357

#### Recommended Allocation:

<u>Entitlement</u>	<u>Prior</u>	<u>Year</u>	<u>Total</u>
	<u>Funds</u>	<u>Funds</u>	<u>Allocation</u>

Anderson Park Improvements	\$0	\$0	\$0
Neighborhood Pride Program	\$453,183	\$863,174	\$1,316,357

Based on the original Action Plan allocation, it was estimated that the NPP would serve approximately 20 households (low- and moderate-income owner-occupants of single-family residences and mobilehomes). The additional funding from the December 6, 2022 Substantial Amendment increased this estimate to a minimum of 80 households. The funding from this recommended action would increase program capacity by approximately 20 more households. This would enable the program to meet current demand. (As of this date, 19 dwellings have been completed, 19 applicants are in the process of funding approval, 20 more are scheduled for a preliminary inspection, and there exists an interest list of over 80 potential applicants.)

## **V. FISCAL IMPACT**

No impact to the General Fund. If the City Council approves recommendation no. 4, the budget appropriation will be reallocated within the Community Development Block Grant Fund as follow:

- Account 215-70-720-904-8008 (Anderson Park Improvements): Decrease by \$220,000.00.
- Account 215-70-720-964-6062 (Residential Rehabilitation/Neighborhood Pride Program): Increase by \$220,000.00.

## **VI. EXHIBITS**

1. The Proposed CDBG Substantial Amendment to the 2022-2023 Annual Action Plan, Draft for Public Review, February 1, 2023 (pgs. 4-7)
2. Resolution No. 23-045 (pgs. 8-9)

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