

HOUSING COMMITTEE REPORT relative to the 41st Program Year Housing and Community Development Consolidated Plan - 2015-16 Third Year Action Plan.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. FIND that the 41st Program Year Housing and Community Development Consolidated Plan (41st PY Con Plan) — Third Year Action Plan will not have a significant effect on the environment, pursuant to the City's Environmental Guidelines, and in compliance with the California Environmental Quality Act of 1970 (CEQA); that the Notice of Exemption reflects the independent judgment of the lead Agency of the City of Los Angeles; that the documents constituting the record of proceedings in this matter are located in the Council file in the custody of the City Clerk, and acknowledge the Notice of Exemption for the 41st PY Con Plan, which was submitted by the Los Angeles Housing and Community Investment Department (HCIDLA) and attached to Council file (C.F.) No. 14-1382 (Attachment E of the Chief Legislative Analyst [CLA] report dated March 23, 2015).

All new federally-funded projects are subject to environmental review under the requirements of the National Environmental Policy Act (NEPA) and pursuant to the U.S. Department of Housing and Urban Development (HUD) regulations, prior to any commitment of federal funds for expenditure, unless they are exempt from such review. The HCIDLA has determined that some action is programmatically exempt per Code of Federal Regulations (CFR) 58.34 and categorically excluded per CFR 58.35 (a) (b) from the animal environmental requirement.

Commitment of funding for new projects that could result in a direct or indirect physical change to the environment are also subject to environmental review under CEQA, if implementation of the projects is authorized as part of the budgeting process. The HCIDLA has determined that some action is programmatically exempt annually under CEQA Guidelines for General Exemptions, Article 18 Statutory Exemptions Section 15260 through 15285, and Article 19 Categorical Exemptions Section 15300 through 15333.

Those projects that are not exempt or not yet defined are approved, subject to: 1) confirmation that the project to be funded is categorically excluded under NEPA pursuant to 24 CFR Part 58 and exempt under CEQA pursuant to the Guidelines prior to project implementation; or 2) appropriate environmental review prior to project implementation.

All projects involving new construction and/or major rehabilitation will require the preparation of a Mitigated Negative Declaration/Environmental Assessment and Finding of No Significant Impact or Environmental Impact Report/Environmental Impact Statement on a site-by-site basis.

2. APPROVE the 41st PY Con Plan and the related budgets for the Community Development Block Grant (CDBG) Program, HOME Investment Partnership (HOME), Housing Opportunities for Persons With AIDS (HOPWA) and Emergency Solutions Grant (ESG), included as Attachment A to the CLA report dated March 23, 2015 (attached to C.F. 14-1382), and as amended by the Council.

3. AUTHORIZE the General Manager, HCIDLA, or designee, to sign, on behalf of the City, the Application for Federal Assistance for the CDBG, HOME, HOPWA, and ESG Programs and the associated Grantee Certifications, subject to the review and approval of the City Attorney as to form.
4. AUTHORIZE the General Manager, HCIDLA, or designee, to submit the annual 2015-2016 41st PY Action Plan to HUD after Council and Mayor approval and the 30-day public comment period ends, as well as after the 2015 federal allocations have been announced by HUD.
5. INSTRUCT all Departments funded in the Consolidated Plan to continue the hiring freeze on all Con Plan-funded positions during PY 41, or until subsequent Council and Mayor action.
6. INSTRUCT the General Manager, HCIDLA, or designee, to:
 - a. Provide written notification to all applicants of the 41st PY Con Plan, as follows:
 - i. To successful applicants, advising them of final award recommendations and required contracting processes to facilitate program implementation.
 - ii. To unsuccessful applicants, informing them that they are not recommended for award and further advising them of current and forthcoming alternative, competitive application processes.
 - iii. For all categories, notify the relevant Council Offices and the City Attorney of these correspondences.
 - b. Provide written notice to all implementing departments and agencies to refrain from programming or expending CDBG savings and/or program income as articulated in the CDBG Expenditure Policy and Guidelines adopted by Council and approved by the Mayor (C.F. No. 01-2765-S2).
 - c. Monitor public services and administrative services expenditures against the 41st PY statutory spending limitations respectively and report to the Mayor and Council within 30 days with recommendations for necessary adjustments in the event it is anticipated that either cap will be exceeded.
 - d. Prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with the intent of the 41st PY Con Plan CDBG actions; and, authorize the Controller to implement these instructions.
 - e. Prepare, with assistance from the Economic and Workforce Development Department (EWDD) and the Community Redevelopment Agency of Los Angeles, a Designated Local Authority, quarterly reports for submission to the Mayor and Council on program income receipts for all Con Plan sources.
7. Approve the reprogramming of approximately \$12.8 million in CDBG funds, detailed in Attachment C of the CLA report dated March 23, 2015 (attached to C.F. No. 14-1382) and

approximately \$4.0 million in HOPWA prior year savings, as a source of revenue for the 41st PY Action Plan budget, subject to verification of availability by the HCIDLA.

8. AUTHORIZE General Managers, or designees, of program implementing departments to submit the appropriate Contract Authorities to the CLA and City Administrative Officer (CAO) immediately following Council approval of the 41st PY Con Plan budget.
9. INSTRUCT departments receiving CDBG funds to submit billing and reimbursement documentation relative to related costs on a quarterly basis to the CDBG fund administrator, HCIDLA, and to continue to work with the CAO and CLA to identify salary and expense savings throughout the fiscal year and transfer those savings to the General Fund to compensate for unrecovered related costs.
10. AUTHORIZE the General Manager, HCIDLA, to negotiate and execute an agreement with the Los Angeles Unified School District (LAUSD) for an amount not to exceed \$500,000 in CDBG funds, retroactive to November 1, 2010 with an end date of October 31, 2015, for purposes of compensating the LAUSD for the City's share of costs incurred in the development and installation of the Belmont High School athletic field.
11. INSTRUCT the CLA and CAO to meet with the Mayor, Council Offices and departments regarding program income and unspent CDBG balances to determine what additional income and/or savings can be realized for application toward the General Fund contribution for 41st PY Con Plan.
12. INSTRUCT the EWDD, with the assistance of the Mayor's Office, CAO and CLA, to report with recommendations to establish Economic Development Fund guidelines in accordance with the policies of the proposed Economic Development structure.
13. INSTRUCT CDBG-funded departments, with assistance from the HCIDLA as grant administrator, to report to Council with recommendations to eliminate the General Fund impact resulting from the Con Plan.
14. REQUEST the City Attorney to report on the CDBG-funded City Attorney Residential Enforcement (CARE) and City Attorney Task Force for Apartment and Rental Properties (TARP) programs, including program process, community outreach efforts and budget details within 60 days.
15. INSTRUCT the Los Angeles Department of Building and Safety to report on the CDBG-funded Pro-active Code Enforcement (PACE) program, including program process, community outreach efforts and budget details within 60 days.
16. INSTRUCT the HCIDLA to report on both the Single Family Rehabilitation — Handyworker and Urgent Repair Programs, including the process to utilize funding, community outreach efforts and budget details within 60 days.
17. INSTRUCT the HCIDLA to prepare and transmit for Council approval a Draft Request for Proposals (RFP) for the selection of a Slum/Blight consultant to prepare Slum/Blight determination reports.

18. INSTRUCT the HCIDLA, within 30 days, to prepare and transmit for Council approval a draft FamilySource Centers RFP, Policies, and Guidelines for the selection of FamilySource Center operators throughout the City.
19. INSTRUCT the HCIDLA, with the assistance of the CLA and CAO, to review all projects with outstanding balances as of June 30, 2015 and provide a report with reprogramming recommendations to meet HUD requirements for timeliness.
20. INSTRUCT the HCIDLA, with the assistance of the CAO, to report on the program income loan portfolio, the program income projection process, and the \$8.8 million discrepancy which was discovered after the Mayor's Proposed Con Plan was released within 90 days.
21. INSTRUCT the HCIDLA to report within 30 days on specific project information for the Great Streets line item, including scope, budget, application process, and guidelines, to determine eligibility and timeframe to expend (funds not to be expended until this information is provided).
22. INSTRUCT the EWDD to report on the status of the Clean Tech Business Incubator (LA Kretz InnovationCampus) project.
23. INSTRUCT the EWDD, with the assistance of the HCIDLA, to report within 60 days on the feasibility of creating a small business loan program or other loan programs, including a seismic retrofit assistance program, to generate additional program income.
24. REDUCE the Economic Development Fund in the amount of \$750,000 and add \$250,000 to the Pacoima City Hall tenant improvements and \$500,000 to the Pacoima Art Incubator and Youth Center.
25. REDUCE the Economic Development fund in the amount of \$250,000 and add \$250,000 to the James Slauson Recreation Center.
26. INSTRUCT the CLA to review the Economic Development Fund at reprogramming to ensure there are sufficient funds for additional economic development projects and report with an analysis and strategy on shifting the funds from the Economic Development Fund to the programs as detailed in Recommendation Nos. 24 and 25 above.
27. INSTRUCT the CLA to ensure funds are identified during the reprogramming of the Lincoln Heights Jail Capital Improvements Project for the Project to move forward.
28. DELETE the Council District One Street Improvement line item and add \$50,000 to the Glassell Park Community and Senior Center, and add the remaining \$50,000 to the Downey Recreation Center in Lincoln Heights.

Fiscal Impact Statement: The CLA reports that the recommendations within this report address the 2013-2017 Housing and Community Development Five-Year Consolidated Plan (Con Plan) and the 41st PY Action Plan for 2015-16, which is comprised of total funds of approximately \$72.9 million from CDBG, \$32.3 million from HOME, \$18.3 million from HOPWA and \$4.6 million from ESG. All recommendations are subject to the final award of grant funds by HUD.

The PY 41 CDBG will provide approximately \$30.7 million to support positions (direct salaries: \$16 million, expenses including contracts: \$9.3 million, related cost reimbursement: \$5.4 million). In addition, there are four programs (AIDS Prevention, Domestic Violence Shelter Operations, Project SAVE and Rita Walters Learning Complex) funded in the Public Service category that will require assistance from non-Con Plan sources. Should the Council decide to supplement these programs with General Fund dollars, the cost will be \$2.5 million.

The estimated potential impact on the General Fund is \$1.5 million in related costs. An additional impact of \$2.5 million could be realized if the General Fund is used to supplement Public Service programs. For reference, the previous year's PY 40 fiscal impact was estimated at \$829,000 for related costs and an additional \$9.2 million (\$10 million total) in one-time funding to supplement programs that were previously funded as Community-Based Development Organizations.

It is a policy decision as to how and what level the City will contribute City resources, specifically the General Fund, to leverage CDBG grant program activities.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting on March 25, 2015, the Housing Committee considered a report by the Mayor dated January 28, 2015 and a report from the CLA dated March 23, 2015 relative to the budget for the 41st PY Con Plan and 2015-16 Third Year Action Plan.

A representative of the CLA addressed the Committee and provided a review of the CLA's recommendations for the Con Plan and responded to related questions from the Committee. During discussion of the matter, the CLA representative reported that adjustments to the Mayor's proposed Con Plan budget were necessary to compensate for an \$8.8 million shortfall due to overestimation by HCIDLA of PY 40 income and revisions to HCIDLA Monitored Loan amounts. The HCIDLA General Manager addressed the Committee, provided an explanation relative to the shortfall, and advised the Committee that HCIDLA will work more closely with the CLA and CAO as well as report quarterly on the aforementioned shortfall areas.

During further discussion, the Committee recommended several amendments to the CLA's recommendations including reductions to the Economic Development Fund in order to fund various projects, as well as changes to various line items. Additionally, the CLA amended Recommendation No. 22 to instruct the EWDD (rather than the HCIDLA) to report on the Cleantech Incubator project.

After providing an opportunity for public comment, the Committee approved the recommendations in the CLA report as amended. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



MEMBER VOTE

CEDILLO: YES

FUENTES: YES

PRICE: YES

REW
3/25/15
FILE NO. 14-1382

-NOT OFFICIAL UNTIL COUNCIL ACTS-