

NOTE OF EXEMPTION and ECONOMIC AND COMMUNITY DEVELOPMENT COMMITTEE REPORT relative to the 49th Program Year (PY) of the Housing and Community Development Consolidated Plan.

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

1. APPROVE the recommendations of the Chief Legislative Analyst (CLA) as detailed in the report dated May 16, 2023, attached to the Council file, as amended to incorporate the changes as detailed in Recommendation No. 2.
2. AMEND Recommendation #17 in the CLA report dated May 16, 2023, attached to the Council file, as follows:

AUTHORIZE the General Manager, CIFI, or designee, to amend contracts with the Domestic Violence/Human Trafficking Shelter Operations service providers listed in contract authorities through June 30, 2024, pursuant to Request for Proposals approved under Council file No. 17-1052, to conduct a thorough procurement process.

Fiscal Impact Statement: The City Administrative Officer reports that PY 49 CDBG will provide approximately \$23.7 million to support positions (direct salaries: \$14.5 million; expenses including contracts: \$2.7 million; and related costs reimbursement: \$6.5 million). For PY 49, the CAO has calculated total related costs to be approximately \$7.7 million. Of this amount, approximately \$6.5 million can be funded with CDBG dollars. - This will result in a balance of approximately \$1,200,000 in unfunded related costs that may be considered by the Council and Mayor to be potentially funded with a General Fund subsidy. For reference, the previous year's PY 48 fiscal impact was estimated at \$1,800,000 in related costs paid by the General Fund. The City's Financial Policies state that the City will pursue program grants, but will limit financial support of these programs to avoid commitments beyond available funding.

The CAO further reports that Cost Allocation Plan (CAP) 45 is the plan used to calculate related costs for 2023-24, and in most cases, CAP 45 is lower than CAP 44, the rate used to calculate related costs in PY 48. There is a CDBG Coronavirus Aid, Relief, and Economic Security (CARES) balance available to fund some of the salaries and related costs for the CFID. It is a policy decision regarding how and at what level the City will contribute City resources, specifically the General Fund, to leverage CDBG grant program activities.

Community Impact Statement: None submitted.

Summary:

On June 7, 2023, your Committee considered a May 16, 2023 CLA report and an April 26, 2023 communication from the Mayor relative to the 49th PY of the Housing and Community Development Consolidated Plan. According to the CLA, on April 26, 2023, the Mayor released the proposed PY 49 Housing and Community Development Consolidated Plan (Con Plan) for 2023-24. The Mayor's proposed PY 49 Con Plan allocates HUD funds from the following four Federal grants over a 12-month program year

from July 1, 2023 through June 30, 2024:

- Community Development Block Grant (CDBG)
- HOME Investment Partnership (HOME)
- Emergency Solutions Grant (ESG)
- Housing Opportunities for Persons with AIDS (HOPWA).

The proposed PY 49 Con Plan report states that its funding recommendations are reflective of the City's Emergency Declaration on Homelessness (C.F. 22-1545) and the need to provide temporary and permanent housing for unhoused Angelenos. The Mayor's report states that rather than funding a variety of new and continuing capital projects, the PY 49 Con Plan is focused on the acquisition of the Mayfair Hotel, a 294 unit building located in the Westlake neighborhood in Council District 1. The Mayor's proposed Con Plan states that there is an urgent need to increase temporary housing, which is essential to move people off the street and into permanent housing. Based on the Federal entitlement, program income, and prior year savings, the total budget for the proposed PY 49 Con Plan is approximately \$153 million. In the Mayor's communication, a detailed breakdown of fund allocation is included.

The PY 49 Con Plan represents year one of the 5-Year Consolidated Plan that covers 2023-2027. The 5-Year Plan establishes local priorities as it relates to the administration of the Federal entitlement programs. Attachment G of the proposed PY 49 Con Plan describes the on-going recovery efforts from the COVID-19 pandemic; the continuing rise in homelessness; the dramatic increase in construction costs and a rise in interest rates; and, economic inflation relative to food, utilities, and gasoline, and the resulting impact on household income, particularly among poorer households. The 5-Year Plan affords the City an opportunity to revisit its housing and community development values and goals and align resources to address homelessness and affordable housing issues.

The PY 49 Con Plan goals include:

- Prevent and reduce homelessness.
- Develop and preserve affordable housing for unhoused and low income residents.
- Significantly reduce poverty.
- Improve the local economy for low income residents.

- Stabilize and revitalize neighborhoods.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the CLA report, as amended, as stated above. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Economic and Community Development Committee

COUNCILMEMBER	VOTE
PRICE:	YES
SOTO-MARTINEZ:	YES
PARK:	YES

ARL
6/7/23

-NOT OFFICIAL UNTIL COUNCIL ACTS-