

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your **HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT** Committee

reports as follows:

HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the Five-Year Housing and Community Development Consolidated Plan (2013-17) and 39th Program Year Action Plan.

Recommendation for Council Action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. FIND that the 2013-2017 Housing and Community Development Consolidated Plan (Con Plan) and the 39th Program Year Action Plan (PY 39/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 (CEQA) of 1970; that the Notice of Exemption and Notice of Determination reflect 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 adopt the Notice of Exemption and Notice of Determination for the 39th PY Con Plan, to be submitted by the Community Development Department (CDD) and attached to the Council File.

All new federally-funded projects are subject to environmental review under the requirements of the National Environmental Policy Act (NEPA) and pursuant to 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. CDD has determined that some action is programmatically exempted per Code of Federal Regulations (CFR) 58.34 and categorically excluded per CFR 58.35 (a)(b) from the annual 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. CDD has determined that some action is programmatically exempt annually under CEQA Guidelines for General Exemptions, CEQA Article 18 Statutory Exemptions Section 15260 through 16285, and CEQA Article 19 Categorical Exemptions Section 15300 through 15332.

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 24CFR 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/Finding of No Significant Impact or an Environmental Impact Report on a site-by-site basis.

2. APPROVE the draft 2013-17 Five-Year Con Plan and PY 39 (2013-14) Action Plan, subject to revisions made to reflect priority, performance outcomes and accomplishment strategy changes made by Mayor and Council action.
3. AUTHORIZE the General Manager, CDD, or designee, to sign on behalf of the City the Application for Federal Assistance for Community Development Block Grant (CDBG) and the associated Grantee Certifications, subject to the review and approval of the City Attorney as

to form, and authorize the CDD, or designee, to update the Five-Year Con Plan and PY 39 Action Plan in accordance with Mayor and Council actions.

4. AUTHORIZE the General Manager, Los Angeles Housing Department (LAHD), or designee, to sign on behalf of the City of Los Angeles, the Applications for Federal Assistance for the HOME Investment Partnership Act (HOME), Housing Opportunities for Persons with AIDS (HOPWA) and Emergency Solutions Grant (ESG) Programs, and the associated Grantee Certifications, subject to review and approval of the City Attorney as to form and legality, and forward the documents to CDD for further processing.
5. AUTHORIZE the General Manager, CDD, or designee, to submit the Final 2013-2017 Five Year Con Plan and 39th PY Action Plan to HUD upon approval by the Mayor and Council and in substantial conformance with the materials submitted within Council File (C.F.) No. [12-1607](#).
6. CONTINUE the hiring freeze on all Consolidated Plan-funded positions during PY 39, or until subsequent Council and Mayor action, given the uncertainties relative to final entitlement amounts and potential sequestration action by the federal government.
7. INSTRUCT the General Manager, CDD, or designee, with assistance from the LAHD, to prepare quarterly reports for submission to the Mayor and Council on program income receipts for all Consolidated Plan sources, including the former Community Redevelopment Agency (CRA) CDBG loan repayments. These receipts, as well as HOME, HOPWA and ESG balances, should be provided to the City Administrative Officer (CAO) and Chief Legislative Analyst (CLA) upon request and should include comments on any unexpended balances. Further, the reports should contain recommendations for the expenditure of proceeds derived from CDBG loans, if any.
8. Approve the reprogramming of \$6.4 million in CDBG funds listed in Attachment F of the joint CLA/CAO report dated February 26, 2013 (attached to C.F. No. 12-1607), subject to verification of availability by CDD.
9. AUTHORIZE the General Managers, CCD and LAHD, or designees, and other implementing departments, or designees, to: prepare Controller's instructions and make technical adjustments that may be required and are consistent with the report recommendations; amend the Five-Year Plan and/or PY 39 Action Plan to reflect such actions; and, AUTHORIZE the Controller to implement these instructions, subject to approval of the CAO.
10. INSTRUCT departments receiving CDBG funds to submit billing and reimbursement documentation relative to related costs on a monthly basis to the CDBG fund administrator, CDD, and to continue to work with the CAO and the 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.
11. AUTHORIZE General Managers, or designees, of program-implementing departments to negotiate and execute contracts and interdepartmental agreements with the grant recipients identified in Attachments H-O of the joint CLA/CAO report dated February 26, 2013 (attached to C.F. No. 12-1607) , in an amount not to exceed that set forth in the 39th PY Con Plan, and in consultation with the CDD and the LAHD as the grant administrators, and in substantial conformance with the pro forma agreements for public services activities or for construction as provided in C.F. No. 06-2366, subject to: the review and approval of the City Attorney as to form and legality, review and approval by the Public Works Bureau of Contract

Administration as to compliance with the City's contracting requirements, and federal approval of the PY 39 Action Plan, and receipt by the City of the grant funds.

12. INSTRUCT the General Manager, CDD, or designee, to:
 - a. Provide written notification to all applicants of the PY 39 Action Plan, as follows:
 - 1) To unsuccessful applicants, informing them that they are not recommended for award and further advising them of current and forthcoming alternative, competitive application processes.
 - 2) To successful applicants, advising them of final award recommendations and required contracting processes to facilitate program implementation.
 - 3) To agencies funded under the Community Based Development Organization (CBDO) categories, advising them that the availability of grant funds and the execution of contracts are contingent upon their continued successful certification as a CBDO.
 - 4) 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 PY 39 statutory spending limitations respectively and report to the Mayor and Council with recommendations for necessary adjustments in the event it is anticipated that either cap will be exceeded.
13. INSTRUCT the CLA and the 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 during the PY 39.
14. INSTRUCT the CDD, with the assistance of the Mayor's Office, the CAO, and the CLA, to report with recommendations to establish Neighborhood Improvement Fund guidelines and procedures.
15. INSTRUCT the CDD, with the assistance of the Mayor's Office, the CAO, and the CLA, to report with recommendations to establish Economic Development Fund guidelines in accordance with the policies of the proposed Economic Development structure.
16. INSTRUCT the CAO, the CLA, and the CDD to report to the Housing, Community and Economic Development Committee regarding service delivery impacts, or changes in CDD services to low-income communities throughout the City, as a result of the proposed establishment of the Economic Development Department.
17. INSTRUCT the CDD to identify and allocate Urban Development Action Grant (UDAG) available balance and savings and prepare the appropriate Controller instructions to: replace CDBG funds for the PALS Youth Center and NAMI Urban LA; and restore other reduced Public Service line items.

18. INSTRUCT the CDD and the LAHD to report to the Mayor and Council within 45 days regarding the impact of sequestration, if any, on the Con Plan and its related programs, and include any final entitlement amounts for the four Con Plan grants.
19. INSTRUCT CDBG-funded departments, with assistance from the CDD as grant administrator, to report to Council with recommendations to eliminate the General Fund impact on the Consolidated Plan.
20. AMEND the following line items in Attachment A of the CLA / CAO report relative to the 2013-2017 Housing and Community Development Five Year Consolidated Plan and 39th (2013-14) Program Year Action, subject to CDBG availability as follows:
- a. Reduce the following line items by the amounts as indicated:

Over-Obligation Repayment to HUD	\$950,000
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 - b. Increase the following line items by the amounts indicated:

Pacoima Retail Center (restoration of reprogrammed funds)	\$500,00
East Hollywood Lighting District – Phase I	<u>\$450,00</u>
Total:	\$950,000
 - c. Reduce the following amounts as indicated:

Cypress Park Family Resource Center	\$200,00
CCNP Bixel Renovation	<u>\$150,00</u>
Total:	\$350,000
 - d. Reallocate a total of \$350,000 above as follows:

SALEF Youth & Family Ctr. – acquisition	\$100,00
Agricultural Open Market – operations & programming	\$80,000
Casas Alicia – construction improvements	\$50,000
Old Cypress Park Library – Predev./Design/Building Improvements	<u>\$120,000</u>
Total:	\$350,000
21. INSTRUCT the CDD, CLA, and CAO to identify funds for the Broadway Retail and Upper Floor Commercial Recruitment, Marketing & Job Creation Program, subject to review, eligibility and cap restrictions.

Fiscal Impact Statement: The CLA and CAO report that the recommendations within this report address the 2013-2017 Housing and Community Development Five-Year Consolidated Plan (Con Plan) and the 39th Program Year Action Plan (PY 39 Action Plan) for 2013-14, which is comprised of total funds of approximately \$80.3 million from the CDBG, \$29 million from HOME Investment Partnerships, \$16.5 million from Housing Opportunities for Persons with AIDS, and a \$5.6 million Emergency Solutions Grant. All recommendations are subject to the final award of grant funds by the U.S. Department of Housing and Urban Development.

The PY 39 CDBG will provide approximately \$34.6 million to support filled positions (direct salaries: \$20.2 million, expenses including contracts: \$7.4 million, related cost reimbursement: \$7 million). There is an estimated impact on the General Fund from the PY 39 Action Plan Community Development Block Grant (CDBG) Budget of approximately \$500,000 to the General Fund from the

previous PY 38. The increase is a result of higher overall related costs associated with the CAP 34, resulting in an estimated total of \$2.9 million in General Fund participation in the PY 39 CDBG Budget (PV 38 Budget = \$2.4 million).

It is a policy decision as to how and at what level the City will contribute City resources, specifically the General Fund, to leverage CDBG grant program activities. Further attempts to decrease the General Fund participation are likely to result in reduction of staff performing program delivery or cuts to programs themselves. In light of the City's fiscal constraints, efforts will continue to reduce the gap between General Fund participation and CDBG related cost reimbursement.

Community Impact Statement: None submitted.

SUMMARY

At a regular meeting held on February 27, 2013, the Housing, Community and Economic Development Committee considered a transmittal from the Mayor dated January 10, 2013 and a joint CLA / CAO report dated February 26, 2013 relative to the Five-Year Housing and Community Development Consolidated Plan (2013-17) and 39th Program Year Action Plan.

Representatives of the CLA and the CAO appeared before the Committee to discuss the matter and responded to related questions. During discussion of this matter, the Committee moved to change line items in Attachment A of the joint CLA / CAO report to relative to: reducing an over-obligation repayment to HUD; an increase in the amounts for the Pacoima Retail Center and East Hollywood Lighting District – Phase I; identification of funds for the Broadway Retail and Upper Floor Commercial Recruitment, Marketing & Job Creation Program; reducing the amount for the Cypress Park Family Resource Center and CCNP Bixel Renovation; and reallocating \$350,000 among the SALEF Youth & Family Center, Agricultural Open Market, Casa Alicia, and Old Cypress Park Library.

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

Respectfully submitted,

HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
ALARCON:	YES
REYES:	YES
WESSON:	YES
PERRY:	ABSENT

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