

HOUSING COMMITTEE REPORT relative to the 42nd Program Year (PY 42) of the Housing and Community Development Consolidated Plan (Con Plan) - Fourth Year Action Plan (2016-2017).

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

1. FIND that the PY 42 Con Plan - Fourth Year Action Plan will not have a significant effect on the environment, pursuant to the City's California Environmental Quality Act (CEQA) Guidelines, and in compliance with the CEQA of 1970; 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 PY 42 Con Plan, which was submitted by the Los Angeles Housing and Community Investment Department (HCID) as detailed in Attachment F of the Chief Legislative Analyst's (CLA) report, dated March 18, 2016, 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 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. HCID 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. HCID 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 PY 42 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), as detailed in Attachment A of the CLA report, dated March 18, 2016, attached to the Council file.

3. AUTHORIZE the General Manager, HCID, 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, HCID, or designee, to submit the annual 2016-2017 PY 42 Action Plan to HUD after Council and Mayor approval and the 30-day public comment period has been satisfied.
5. INSTRUCT the General Manager, HCID, or designee, to:
 - a. Provide written notification to all applicants of the PY 42 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 all departments that have requested CDBG funding, 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 (Council file No. 01-2765-S2).
 - c. Monitor public services and administrative services expenditures against the PY 42 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 PY 42 Con Plan actions; and, AUTHORIZE the Controller to implement these instructions.
 - e. Prepare, with assistance from the Economic and Workforce Development Department (EWDD) and the CRA/LA (Designated Local Authority), quarterly reports for submission to the Mayor and Council on program income receipts for all Con Plan sources.
6. APPROVE the reprogramming of approximately \$4 million in CDBG funds, as detailed in Attachment C of the CLA report, dated March 18, 2016, attached to the Council file, \$750,000 in ESG funds, \$1.5 million in HOME funds, and approximately \$5.3 million in HOPWA prior year savings, as a source of revenue for the PY 42 Action Plan budget, subject to verification of availability by HCID.
7. 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 PY 41 Con Plan budget.

8. INSTRUCT all departments receiving CDBG funds to submit billing and reimbursement documentation on a quarterly basis to HCID, and to continue to work with the CLA and CAO to identify salary and expense savings throughout the fiscal year and transfer those savings to the General Fund to compensate for unrecovered related costs.
9. INSTRUCT the CLA, with the assistance of the CAO, to meet with the Mayor's Office, HCID, and all departments with active CDBG projects on a quarterly basis to determine if additional savings can be realized; and, if such savings are found, INSTRUCT the CLA to report to Council with recommendations for new expenditures of these funds.
10. INSTRUCT HCID to report to Council documenting PY 41 outcomes from the following programs, to include metrics on the number of individuals and/or families assisted: Homeownership Assistance, Single Family Rehabilitation - Handyworker, Urgent Repair.
11. INSTRUCT EWDD to report to Council with a report documenting PY 41 outcomes from the following programs, to include metrics: Clean Tech Business Incubator, Healthy Neighborhood Market Network Program.
12. INSTRUCT EWDD to report to Council with the guidelines and procedures needed to implement the Micro-Loan program.
13. INSTRUCT HCID to report to Council on the feasibility of merging the Handyworker and Urgent Repair programs.
14. INSTRUCT HCID to develop a Seismic Retrofit Loan Program and report to Council with guidelines and procedures.
15. INSTRUCT HCID, with assistance from the CAO, CLA, and Controller, to report on the timing and amount of a Reserve Fund loan required for cash flow purposes in Fiscal Years 2015-16, 2016-17 and future years. The report should also include how cash flow will best be addressed to ensure timely payment to service providers and agencies, as well as timely reimbursement to the City's General Fund.
16. AUTHORIZE the Controller to implement PY 42 Con Plan and prior Con Plan technical corrections approved by the CAO or CLA which appropriate funds to various departments' Fund 100 for approved CDBG projects to expedite the spending of CDBG funds to meet HUD's timeliness rule.

Fiscal Impact Statement: The CLA reports that the PY 42 CDBG will provide approximately \$24 million to support positions (direct salaries: \$13 million; expenses including contracts: \$4.6 million; and related cost reimbursement: \$6.4 million). For PY 42, the CAO has calculated total related costs to be approximately \$7.2 million. Of this amount, approximately \$6.4 million can be funded with CDBG dollars. This results in a balance of approximately \$800,000 in related costs that may be considered by the Council and Mayor to be potentially funded with a General Fund allocation. For reference, the previous year's PY 41 fiscal impact was estimated at \$1.5 million in related costs. The year-to-year difference is due in part to reducing CDBG funds to departments

that previously did not fully reimburse the General Fund for these costs. 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. Regarding impacts beyond related costs, it should be noted that the salary and expense components of some reduced line items in CDBG, such as Aging Services Delivery System, HCID Administration, AIDS Policy, FamilySource Centers, and the Commission for Community and Family Services, may require supplementation in FY 2016-17 by the General Fund if the Council and Mayor choose to fully fund these programs. 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

At the meeting held on March 21, 2016, your Housing Committee considered a communication from the Mayor and a CLA report relative to the PY 42 Con Plan - Fourth Year Action Plan (2016-2017). An opportunity for public comment was held. After discussing the matter, the Committee moved to approve the recommendations contained in the CLA report, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
FUENTES:	YES
HUIZAR:	ABSENT
PRICE:	ABSENT
HARRIS-DAWSON:	YES

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-