

HOUSING COMMITTEE REPORT relative to the status of Community Development Block Grant (CDBG) projects and program account fund balances, the timeliness of fund expenditures, and recommendations for reprogramming CDBG funds.

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

1. APPROVE the reprogramming of approximately \$23.6 million in CDBG funds identified in Attachment 1 of the Chief Legislative Analyst (CLA) report to the Housing Committee dated October 16, 2015, as amended to include the Council District One Street Improvements Project.
2. APPROVE the expenditure of up to \$23.6 million of CDBG funds identified in Attachment 2 of the CLA report to the Housing Committee for Tier 1 projects, such expenditures to be executed by January 30, 2016.
3. INSTRUCT the CLA, with the assistance of the Los Angeles Housing and Community Investment Department (HCIDLA), to monitor the expenditure of Tier 1 funds; and if by December 15, 2015 a Tier 1 project will not be able to expend CDBG funding by January 30, 2016, authorize the reprogramming of the Tier 1 project(s) to designated Tier 2 project(s) and authorize the HCIDLA and the Economic and Workforce Development Department (EWDD) and other necessary departments to prepare and execute all necessary authorities to effectuate the expenditure of these funds, subject to approval of the CLA.
4. REQUEST the Mayor's Office, the HCIDLA, and the CLA to identify funding for the priority projects listed in Attachment 4 of the CLA report to the Housing Committee in future Consolidated Plan budgets pursuant to the project's eligibility for CDBG funds and ability to spend the funds on a timely basis.
5. INSTRUCT the HCIDLA, with the assistance of the CLA and the CAO, to hold quarterly meetings with departments who receive or manage CDBG funds/projects to ensure that departments are invoicing and moving projects on a timely basis.
6. INSTRUCT the HCIDLA and the EWDD to prepare all Controller instructions, contract authorities, and any other language necessary to implement these actions and submit said information to the CLA to submit for Council approval.
7. INSTRUCT the HCIDLA to make any technical adjustments that may be required and consistent with this action subject to the approval of the CLA; and, AUTHORIZE the Controller to implement the instructions.
8. AUTHORIZE the HCIDLA to prepare and submit an amendment to the Consolidated Plan, as necessary.
9. DIRECT the HCIDLA to report relative to the status of CDBG reprogramming in January, 2016.

Fiscal Impact Statement: The CLA reports that this action does not impact the General Fund.

Community Impact Statement: None submitted.

**(Budget and Finance Committee report to be submitted in Council.)**

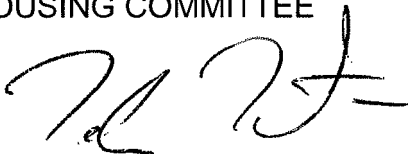
SUMMARY

In a report to the Housing Committee dated October 16, 2015, the CLA recommends various actions for reprogramming CDBG funds. The CLA has identified \$23.6 million in reprogramming and expenditures, including \$16.1 million for affordable housing projects. Of this reprogrammed amount, approximately \$10.9M is identified as Priority Projects that will receive CDBG funding in future budgets, pursuant to their readiness. The balance of reprogrammed funds includes department savings, closed-out projects, and administrative funding which is no longer needed. HCIDLA has recommended an expenditure of \$20M, the CLA, however, recommends a higher amount to ensure that the City meets the timeliness test. Attached to the report are four tables detailing the CLA's recommendations for prioritizing, reprogramming, and expending CDBG funds.

At its special meeting held October 19, 2015, the Housing Committee discussed this matter with a representative of the CLA. The CLA's representative stated that HCIDLA reports that the City is in violation of CDBG timeliness rule meaning that the City has too many CDBG resources on hand. According to HCIDLA, the City will need to spend \$14.3 million by January 30, 2016, to be in compliance. The Housing Committee recommended that Council approve the CLA's recommendations, as amended to include the Council District One Street Improvements Project and to direct HCIDLA to report relative to the status of CDBG reprogramming.

Respectfully Submitted,

HOUSING COMMITTEE



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

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**