

MOTION

HOUSING

The City is at risk of violating the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) rule that states the City cannot hold more than 1.5 times the City's annual CDBG grant as of 90 days prior to the beginning of a new program year, which will begin April 1, 2017. If the City does not meet this "timeliness test," it could result in a reduction to the City's future CDBG grant allocation. Under the HUD Section 108 Program, the City may borrow future CDBG funds and use them for a variety of economic development purposes. As part of the Marlton Square project financing, the City borrowed over \$15 million in Section 108 CDBG funds. This loan is repaid with CDBG funds, and the City recently included a payment of \$823,000 as part of the 42<sup>nd</sup> Program Year of the City's Housing and Community Development Consolidated Plan (2016-17) budget. The total outstanding Section 108 loan balance for the Marlton Square project is \$11.8 million. By paying down over \$8.5 million of the Marlton Section 108 loan early, the City will meet the timeliness test and save on interest costs. Therefore, Council should take immediate action to reprogram grant funds and apply these funds to an early payment of the Marlton Section 108 loan. HCID, the Mayor's Office, the CLA, and CAO reviewed CDBG projects, consulted with Council Offices, and determined those most suited to reprogramming for this purpose. These projects will be reviewed for possible funding in the City's 43<sup>rd</sup> Program Year Housing and Community Development Consolidated Plan (2017-18) budget.

I THEREFORE MOVE that the Council determine, as provided in Section 54954.2(b) (2) of the Government Code, and pursuant to RULE 23 of the Rules of the City Council, that there is an immediate need to act on this matter and that the need for action came to the attention of the Council subsequent to the posting of the agenda for today's meeting.

I FURTHER MOVE that Council, subject to the approval of the Mayor, reprogram \$8,533,000 of CDBG funds from a number of projects funded in previous Program Years (PYs 33-42) to repayment of the Section 108 loan for the Marlton Square project:

Program Year	Project Title	Amount of CDBG
33	Cypress Park Lighting Improvements (PW BSL)	\$381.12
33	Cypress Park Lighting Improvements (PW BSL)	\$967.07
34	Cypress Park YFC	\$74,097.38
37	Sun Valley Lighting Improvements - Phase 4 (PW BSL)	\$4,819.22
39	Central Avenue Façade Improvements	\$50,000.00
39	Boyle Heights Employment Training Center (Aliso Pico)	\$335.34
40	Sun Valley Lighting Improvements - Phase 4 (PW BSL)	\$5,380.87
40	Vision Theater	\$3,149,931.38
40	Sun Valley Lighting Improvements - Phase 5 (PW BSL)	\$115,856.04
41	City Attorney Residential Enforcement (CARE)	\$5,545.23
41	EWDD Adm and Program Delivery	\$816,698.48
41	Reimbursements to General Fund - EWDD Adm and Program Delivery	\$257,395.54
41	MacArthur Park Restroom Project	\$258,899.34
41	Proyecto Pastoral	\$100,000.00
41	San Pascual Park	\$100,000.00
41	Urgent Repair Program	\$160,513.60
41	Handyworker	\$561,079.39
42	Microloan Program	\$250,000.00

<b>Program Year</b>	<b>Project Title</b>	<b>Amount of CDBG</b>
42	Healthy Neighborhood Market Network	\$250,000.00
42	MacArthur Park Restroom Project	\$521,100.00
42	San Pascual Park Improvements	\$50,000.00
42	Translation Services	\$50,000.00
42	Algin Sutton Pool	\$750,000.00
42	Culinary Academy at Exposition Park	\$1,000,000.00
<b>Grand total</b>		<b>\$8,533,000.00</b>

I FURTHER MOVE that should only a portion of the reprogrammed funds be needed to comply with the HUD rule, the adjustment be made to the Vision Theater project.

I FURTHER MOVE that Council authorize:

1) The Controller to:

a) Decrease appropriations in the amount of \$8,533,000 within the Community Development Trust Fund No. 424 as follows:

<b>Account</b>	<b>Title</b>	<b>Amount</b>
22C374	Cypress Park Lighting	381.12
22H421	Sun Valley Street Lighting	5,380.87
43K571	Central Avenue Façade Improvements	50,000.00
43L140	General Services	335.34
43L523	Vision Theater	3,149,931.38
43M112	City Attorney	5,545.23
43M122	Economic and Workforce Development	816,698.48
43M184	PW-Street Lighting	967.07
43M184	PW-Street Lighting	4,819.22
43M299	Reimbursement of General Fund Costs	257,395.54
43M459	Proyecto Pastoral	100,000.00
43M542	MacArthur Park Restroom	258,899.34
43M553	San Pascual Park	100,000.00
43M559	Urgent Repair Program	160,513.60
43M588	Handyworker	561,079.39
43N140	General Services – Cypress Park YFC	74,097.38
43N184	PW- Street Lighting	115,856.04
43N240	Micro Loan Program	250,000.00
43N422	Healthy Neighborhood Market Network	250,000.00
43N542	MacArthur Park Restroom	521,100.00
43N553	San Pascual Park Improvements	50,000.00
43N560	Translation Services	50,000.00
43N595	Algin Sutton Pool	750,000.00
43N604	Culinary Academy at Exposition Park	1,000,000.00
<b>Total</b>		<b>\$8,533,000.00</b>

b) Increase appropriations in the amount of \$8,533,000 Account No. 43N239 Section 108 – Marlton within the Community Development Trust Fund No. 424.

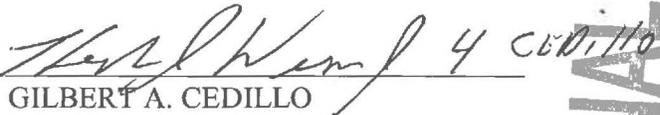
c) Decrease appropriations in the amount of \$74,097.38 within Fund No. 100/40 as follows:

Account	Title	Amount
001014	Salaries Construction	\$29,638.00
003180	Construction Materials Supplies	44,459.38
	<b>Total</b>	<b>\$74,097.38</b>

d) Decrease appropriations in the amount of \$115,856.04 within Fund No. 100/84 as follows:

Account	Title	Amount
001090	Salaries Overtime	\$28,964.04
001100	Salaries Hiring Hall	38,233.00
001120	Salaries Hiring Hall Benefits	35,915.00
006020	Operational Supplies and Expenses	12,744.00
	<b>Total</b>	<b>\$115,856.04</b>

- 2) Authorize the General Manager of the Economic Workforce Development Department (EWDD), or designee, to pay Section 108 Debt in an amount not to exceed \$8,533,000 to Union Bank care of the City of Los Angeles relating to Marlton Square from the Community Development Block Grant Fund No. 424 Account 43N239 Section 108 – Marlton.
- 3) Authorize the Housing and Community Investment Department to submit an amendment to the Consolidated Plan as necessary to effectuate the intent of this Motion and prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with these actions, subject to the approval of the Chief Legislative Analyst, and instruct the Controller to implement these instructions.

PRESENTED BY:   
 GILBERT A. CEDILLO  
 Councilmember, 1<sup>st</sup> District

SECONDED BY: 

ORIGINAL

January 10, 2016