

GENERAL, STATUTORY, AND CATEGORICAL EXEMPTIONS and HOUSING COMMITTEE REPORT relative to the 44th Program Year (PY 44) of the Housing and Community Development Consolidated Plan (Con Plan) for 2018-19.

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

1. FIND that:

- a. The 44th PY Con Plan- Fifth Year Action Plan will not have a significant effect on the environment pursuant to the City of Los Angeles California Environmental Quality Act Guidelines (CEQA) and in compliance with the CEQA of 1970.
- b. The Notice of Exemption reflects the independent judgment of the lead Agency of the City of Los Angeles.
- c. 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 44th PY Con Plan, to be submitted by the Los Angeles Housing and Community Investment Department (HCIDLA), attached to the Council File.
- d. The HCIDLA has determined that some action is programmatically exempted per Code of Federal Regulations (CFR) 58.34 and categorically excluded per CFR 58.35 (a) and (b) from the annual environmental requirement.
- e. The HCIDLA 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.
- f. Those projects that are not exempt or not yet defined are approved, subject to:
 - i. Confirmation that the project to be funded is categorically excluded under the National Environmental Policy Act pursuant to 24 CFR Part 58 and exempt under CEQA pursuant to the Guidelines prior to project implementation.
 - ii. Appropriate environmental review prior to project implementation.
- g. 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 44th PY Con Plan and the related budgets for the Community Development Block Grant (CDBG) Program, HOME Investment Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) included as detailed in Attachment B of the March 27, 2018 Chief Legislative Analyst (CLA) report, attached to the Council file.

3. AUTHORIZE the General Manager, HCIDLA, 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, HCIDLA, or designee, to submit the annual 2018-2022 44th PY Action Plan to the US Department of Housing and Urban Development (HUD) after Council and Mayor approval and the 30-day public comment period has been satisfied, as well as after the 2018 federal allocations have been announced by HUD.
5. AUTHORIZE the General Managers, or their designees, of program implementing Departments to negotiate and execute contracts, contract amendments and/or interdepartmental agreements as needed with the grant recipients identified in Attachment G of the March 27, 2018 CLA report, attached to the Council file.
6. INSTRUCT the General Manager, HCIDLA, to:
 - a. Provide written notification to all applicants of the 44th PY 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. Prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with the intent of the 44th PY Con Plan actions, upon approval of the CLA; and, request the Controller to implement these instructions.
 - c. 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).
 - d. Monitor public services and administrative services expenditures against the 44th PY 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.
 - e. Prepare, with assistance from the Economic and Workforce Development Department and the Los Angeles Community Redevelopment Agency Designated Local Authority, quarterly reports for submission to the Mayor and City Council on program income receipts for all Consolidated Plan sources.

- f. Make revisions to the 44th Program Year plan as needed when the final federal entitlements are announced by HUD, in alignment with the Contingency Language detailed in Attachment D of the March 27, 2018 CLA report, attached to the Council file, subject to the approval of the CLA; and if the allocations exceed the amounts indicated in the Contingency Language, the 44th Program Year plan will come back to the Council and Mayor for amendment.
 - g. Execute contracts consistent with Council's intent and final General Fund Fiscal Year (FY) 2018-19 appropriation (where applicable) and subject to HUD's final determination of entitlement.
7. INSTRUCT the HCIDLA, with the assistance of the CLA and City Administrative Officer (CAO), to report within 30 days on the next steps required to change the Con Plan program start year from April 1st to July 1st starting with the 45th Program Year, and alternatively, the 46th Program Year, including the amount of funding required and a strategy to minimize the one-time impact to the General Fund.
8. INSTRUCT the HCIDLA, with the assistance of the CLA and CAO, to ensure that 44th PY projects recommended for funding are in compliance with the City's CDBG expenditure policy and guidelines (Council file No. 01-2765-S2), to establish and implement a multi-year future projects priority funding list, and to revise the current CDBG expenditure policy to comply with the aforementioned multi-year funding list for future program years.
9. APPROVE the reprogramming of \$2,269,085 in CDBG available balance detailed in Attachment D of the March 27, 2018 CLA report, attached to the Council file, as a source of revenue for the 44th PY Action Plan budget.
10. AUTHORIZE the General Managers of program implementing Departments, or their designees, to negotiate and execute contracts, contract amendments and/or interdepartmental agreements as needed with the grant recipients identified in Attachment G of the March 27, 2018 CLA report, attached to the Council file.
11. INSTRUCT the HCIDLA to issue a Request for Proposals for the following programs as described in Attachment G of the March 27, 2018 CLA report, attached to the Council file, and report to City Council with the recommended award: Fair Housing, FamilySource Centers Program Evaluation Consultant, Handyworker Program, Housing Opportunities for People With AIDS Scattered Site Master Leasing Service, Language Access Implementation Plan Interpretation and Translation Service, Lead Hazard Remediation Program and Healthy Homes Program, and Section 106 Historic Preservation Consultant.
12. AUTHORIZE General Managers or designees of program implementing Departments to negotiate and execute contracts, contract amendments and/or interdepartmental agreements as needed with the grant recipients, subject to City Attorney review and approval.
13. INSTRUCT the HCIDLA, with the assistance from the CAO to report within 15 days of the Council and Mayor's approval of the 44th Program Year Consolidated Plan with an analysis, recommendations and any necessary additional implementing language for related authorities and administrative allocations.

14. INSTRUCT all Departments receiving CDBG funds to submit billing and reimbursement documentation on a quarterly basis to HCIDLA, 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.
15. INSTRUCT the CLA, with the assistance of the CAO and HCIDLA to meet with all Departments with active CDBG projects on an as needed basis to determine if additional savings can be realized; and, if such savings are found, DIRECT the HCIDLA, with the assistance of the CLA, to report to Council with recommendations for new expenditures of these funds.
16. INSTRUCT the HCIDLA to provide the CLA with a quarterly report, at minimum, of the CDBG timeliness ratio and CDBG balances and notify the CLA immediately should the City be at risk for missing the timeliness test.
17. FIND that work can be performed more economically or feasibly by independent contractors than by City employees and, in accordance with Charter Section 1022, approve of the use of the contractors listed in the Neighborhood Improvement Projects as detailed in Attachment G of the March 27, 2018 CLA report, attached to the Council.
18. AUTHORIZE, if necessary, the City Controller to process a Reserve Fund loan for up to \$21 million, to be available April 1, 2018 or soon thereafter for the period April 1 to September 30, 2018 for cash flow purposes related to the Consolidated Plan grants (CDBG, ESG, and HOPWA) with said loan to be fully reimbursed from grant receipts in FY 2018-19.
19. INSTRUCT the Los Angeles Cleantech Incubator to provide any additional funding requests for PY 44 to be considered as part of the next mid-year reprogramming action along with a budget for the expenditure of funds and a plan for self-sufficiency and diversified funding sources
20. APPROVE the Controller's instructions as detailed in Attachment I of the March 27, 2018 CLA report, attached to the Council file.
21. AUTHORIZE the CLA, with the assistance of any applicable Departments, to make technical corrections to the contract authorities to reflect the amendments made during the March 28, 2018 meeting of the Housing Committee.
22. AUTHORIZE the HCIDLA to make any technical changes to the above instructions that are consistent with these actions, subject to the approval of the CLA; and, AUTHORIZE the Controller to implement these instructions.

Fiscal Impact Statement: The CAO reports that the PY 44 Community Development Block Grant (CDBG) will provide approximately \$28 million to support positions (direct salaries: \$13.8 million; expenses including contracts: \$5.7 million; and related cost reimbursement: \$8.5 million). For PY 44, the CAO has calculated total related costs to be approximately \$9.5 million. Of this amount, approximately \$8.5 million can be funded with CDBG dollars. This results in a balance

of approximately \$1 million in related costs that may be considered by Council and Mayor to be potentially funded with a General Fund allocation. For reference, the previous year's PY 43 fiscal impact was estimated at \$900,000 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. It should be noted that Cost Allocation Plan (CAP) 40 is the plan used to calculate related costs for 2018-19, and in many cases, CAP 40 is higher than CAP 39, the rate used to calculate related costs in PY 43. This may result in a lower proportion of Departmental funds available to pay for direct costs such as salaries and expenses. 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 February 14, 2018, your Committee considered a February 2, 2018 Communication from the Mayor relative to the PY 44 Con Plan for 2018-19. According to the Mayor, the consolidated plan budget has been developed to achieve the primary objectives: to development of urban communities, to provide decent housing and suitable living environments, and to expand economic opportunity for all City residents. The proposed 2018-2022 Consolidated Plan Overview outlines the framework for how the City will coordinate efforts to revitalize low income neighborhoods during a five-year period and the 44th PY Action Plan (2018-2019) allocates funding for the first year of implementation. The City receives four entitlement grants:

- a. Community Development Block Grant (CDBG)
- b. HOME Investment Partnerships Program (HOME)
- c. Emergency Shelter Grant (ESG)
- d. Housing Opportunities for Persons with AIDs (HOPWA).

These entitlements comprise the City's Consolidated Plan, a comprehensive, integrated approach to planning and implementing the City's housing, community development, and economic development needs and priorities. The Consolidated Plan consists of more than \$83.8 million in annual allocations of the CDBG, ESG, HOME, and HOPWA grant funding from HUD.

The proposed 44th PY Action Plan reflects the following objectives:

- a. Strategically fund neighborhood improvement projects that can be completed within the 44th year and result in infrastructure improvements in our neighborhoods.
- b. Maximize the impact of CDBG funds by providing gap financing and deploying resources into projects that are ready to support immediate infrastructure development and economic activity.

After consideration and having provided an opportunity for public comment, the Committee

moved to continue this matter pending reports from the CLA and CAO.

Subsequently, on March 28, 2018, the Committee considered additional March 27, 2018 CLA and March 28, 2018 CAO reports. According to the CLA, the Mayor's Proposed Con Plan allocates HUD funds from the following four federal grants over a 12-month program year from April 1, 2018 through March 31, 2019:

- a. CDBG
- b. HOME
- c. ESG
- d. HOPWA.

The Mayor's Proposed Con Plan uses estimated entitlement amounts for each grant. At this time the City has not yet received the final entitlement amount from HUD. Similar to last year, the CLA is recommending the use of the Mayor's assumed entitlements for several reasons. HUD is operating under a Continuing Resolution budget that expired on March 23, 2018. On March 22, 2018, Congress approved a \$1.3 trillion spending bill which funds the federal government through September 2018. The President signed the bill on March 23, 2018. While the legislation has been signed, HUD has thirty days to release the entitlement to the City. Similar to last year, HUD recommends that cities use contingency language to provide the ability to adjust the Con Plan budget should actual PY 44 entitlement amounts differ from the City's assumptions. Accordingly, this Con Plan provides contingency language to allow adjustments to be made when the final entitlement amount is released (Attachment A of the March 27, 2018 CLA report).

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the March 27, 2018 CLA report and detailed above in Recommendation Nos. 1-18 and 22. Additionally several amendments were approved and are reflected in Recommendation Nos. 19-21. This matter is now submitted to Council for its approval.

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

Respectfully Submitted,

HOUSING COMMITTEE



MEMBER
CEDILLO:

VOTE
ABSENT

KREKORIAN: YES
HARRIS-DAWSON: YES

ARL
3/28/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-