

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 4, 2014

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Council File No. 14-0310

Council District: Various

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer

Reference: Housing and Community Investment Department transmittal dated February 21, 2014; received by the City Administrative Officer on March 13, 2014

Subject: **REQUEST FOR AUTHORIZATION TO RELEASE THE NEIGHBORHOOD IMPROVEMENT FUND CALL FOR PROJECTS**

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to release the Neighborhood Improvement Fund (NIF) Call for Projects, subject to the requirements set forth in the use of Community Development Block Grant (CDBG) funds. The NIF is intended to provide gap financing for capital projects linked to Citywide and community strategies that meet grant requirements. Applicants meeting the NIF criteria will be placed on a waiting list. Projects selected for funding will receive a contract and will be reimbursed for eligible expenditures. Funding is provided through CDBG and HCID recommends award amounts in the range of \$100,000 to \$250,000 per project. Recommendations for funding of projects through the NIF will be subject to review and approval by the Mayor and Council. This Office concurs with the HCID recommendations included in its February 21, 2014 transmittal.

BACKGROUND

The 39th Program Year Housing and Community Development Action Plan (C.F. 12-1607) allocated funds specifically designed to act as gap financing for competitively selected projects through the NIF. Although originally funded with \$2.5 million in CDBG, the Plan was revised in January 2014 (C.F. 12-1607-S8), and an additional \$2.5 million was allocated for a total of \$5 million. The NIF is intended to support cost-effective capital projects that are part of a larger community strategy to encourage development of communities within Los Angeles. Specifically the NIF application and reviewing procedures were designed to align with the Mayor's Great Streets Initiative, Consolidated Plan goals, and other place-based strategies. In this way the NIF would provide a framework for sufficient project funding, management capacity, and project readiness that would accelerate project completion and meet U.S Department of Housing and Urban Development timeliness requirements.

Projects funded by the NIF need the support of the Councilmember in whose district the project is located. Non-profit organizations, for profit organizations, and City departments will be eligible to submit applications for project funding through the NIF. HCID states that award priority will be given to projects that are:

- Part of a larger neighborhood revitalization strategy;
- Able to demonstrate a significant benefit to low- and moderate-income residents;
- Able to leverage and obtain other funding commitments;
- Accessible to transit; and,
- Ready for immediate implementation.

Further details regarding application requirements and project goals appear on Pages 1 and 2 of the draft application attached to the February 21, 2014 HCID report.

Eligible capital projects include but are not limited to: acquisition of land for site clearance and new construction; reconstruction of buckling sidewalks; renovation of the exteriors of local businesses in low-income areas; and major renovations of community facilities and non-profit service centers. The NIF cannot be used for service-oriented projects, such as repair and maintenance of facilities, new housing construction, or as a substitute for City General funds. Due to the limited nature of available funding, applicants must apply for only the most pressing and essential funding needs for completion of the project. Applicants must also demonstrate sufficient outside funding commitments to complete the project. Each application will incorporate consideration of the final use of the facility to ensure successful implementation of a required public benefit. Each recipient must match every dollar of NIF with one dollar or more from other sources. Proposals must include a letter of commitment of funds and a letter of credit. The applicant will have primary responsibility to meet defined milestones as set forth in the application. Recommendations are contingent upon community and Citywide priorities.

In addition, each project will be evaluated with the four strategic directions highlighted by the City's Five-Year Consolidated Plan that include maximizing community and economic impacts, supporting programs that create jobs and increase family economic stabilization and mobility, linking and leveraging limited Consolidated Plan resources, and increasing operating efficiency and effectiveness of the City and its partners through the consolidation, integration and standardization of public services and community development activities.

The HCID is targeting a release of the NIF Call for Projects in April 2014 with applications due within 30 days. The HCID will subsequently evaluate, review, and score applications, and applicants will have an opportunity to appeal. The HCID will then transmit recommendations to the Mayor and Council for approval and anticipate disbursing project awards starting in September 2014.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor, authorize the General Manager of the Housing and Community Investment Department (HCID), or designee, to:

1. Prepare and release a Call for Projects funded by the Neighborhood Improvement Fund (NIF), subject to the review and approval of the City Attorney as to form; and,

2. Submit recommendations to the Mayor and Council for review and approval of NIF awardees for project completion within two years of the execution of the contract, subject to the receipt of U.S. Department of Housing and Urban Development funding to the City.

FISCAL IMPACT STATEMENT

There is no impact to the City's General Fund. The recommendations of this report comply with the City Financial Policies in that \$5 million for the Neighborhood Improvement Fund (NIF) will be provided from the Community Development Block Grant and will fund the gap financing portion of the expenditures of NIF projects.

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