



**ERIC GARCETTI**  
**MAYOR**

January 22, 2015

Honorable Members of the City Council  
c/o City Clerk  
Room 395, City Hall  
Los Angeles, CA 90012

Subject: 41<sup>st</sup> Program Year (PY) of the Housing and Community Development Consolidated Plan –Third Year Action Plan (2015-2016)

Los Angeles must continue to strategically deploy its resources to promote good jobs for Angelenos across the city, improve city services and the livability of our neighborhoods, and create a more sustainable community. This effort requires the City family to work with our partners to maximize every resource so Los Angeles can strengthen its economic value. Increasing economic opportunities for city residents and transforming low-income neighborhoods into sustainable communities of opportunity, in alignment with the Consolidated Plan strategies, was the goal in developing the budget for the Consolidated Plan.

Annually, Los Angeles receives four entitlement grants: (1) Community Development Block Grant (CDBG); (2) HOME Investment Partnerships Program (HOME); (3) Emergency Shelter Grant (ESG); and (4) 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. However, with diminishing resources it is evident that the City of Los Angeles cannot indefinitely sustain the same breadth of project activities previously funded through the CDBG program.

**41<sup>ST</sup> PROGRAM YEAR ACTION PLAN BUDGET STRATEGY**

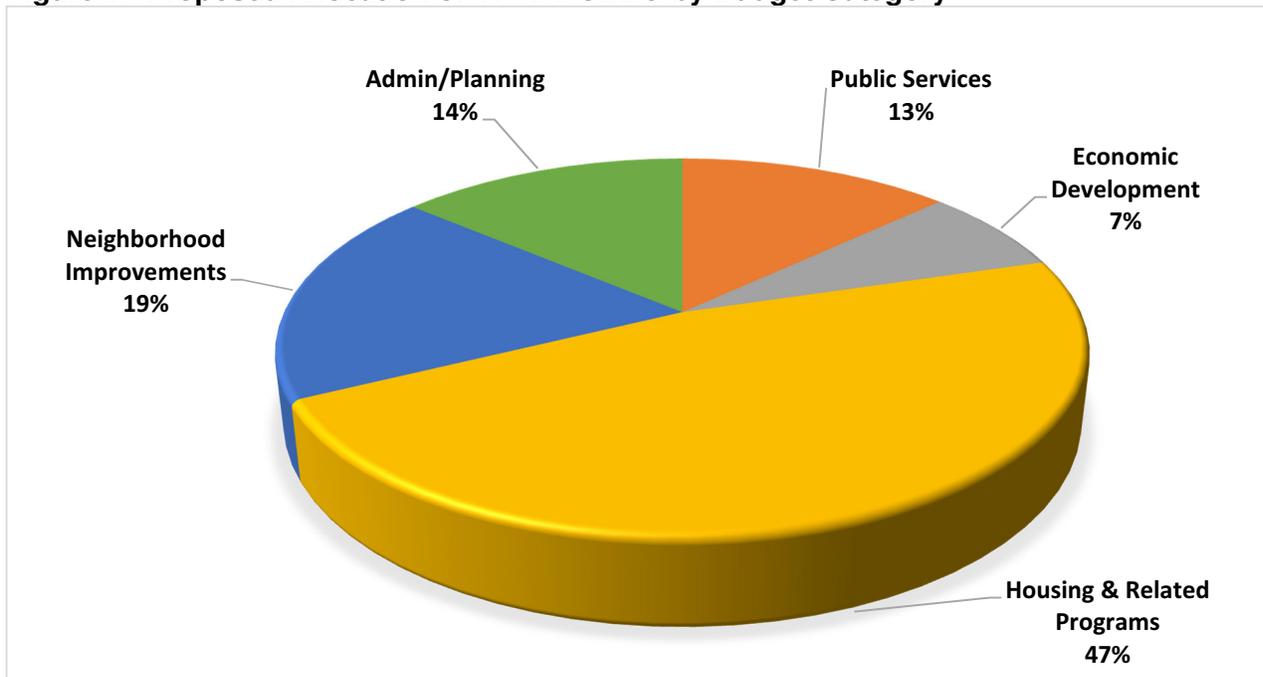
The proposed 41<sup>ST</sup> Program Year Action Plan reflects the following objectives:

- Strategically fund neighborhood improvement projects that can be completed within the 41<sup>st</sup> year and result in infrastructure improvements in our neighborhoods.
- Maximize the impact of CDBG funds by providing gap financing and deploying resources into projects that are ready now to support immediate infrastructure development and economic activity.

- Prioritize funding for core delivery systems that create jobs, increase family economic stabilization and mobility, create and preserve affordable workforce housing, and end homelessness.

Below is a summary of the proposed allocation of CDBG dollars for the 41<sup>st</sup> Program Year (Figure 1). A comparison of the 41<sup>st</sup> PY proposed distribution of CDBG funds with the current program year is in Attachment A. A detailed CDBG line item budget and project descriptions are included as Attachments B and C.

**Figure 1: Proposed Allocation of 41<sup>st</sup> PY CDBG by Budget Category**



**Figure 2: Proposed Allocation of 41<sup>st</sup> PY Action Plan by Budget Category**

	CDBG	ESG	HOME	HOPWA	Total
Public Services	\$12,534,948	\$4,757,222	\$	\$	\$17,292,170
Economic Development	9,695,398				9,695,398
Housing & Related Programs	14,515,713		29,058,390	19,275,432	62,849,535
Neighborhood Improvements	24,592,569				24,592,569
Administration/Planning	14,077,877	85,721	3,228,710	596,147	18,288,455
<b>Total 41<sup>st</sup> PY Budget</b>	<b>\$75,416,505</b>	<b>\$5,142,943</b>	<b>\$32,287,100</b>	<b>\$19,871,579</b>	<b>\$132,718,127</b>

As HOME, HOPWA, and ESG funding are restrictive in their allowable uses, this transmittal focuses on the CDBG program elements. Selection of contractors for HOME, HOPWA, and ESG program components are solicited through separate procurement processes administered by the Los Angeles Housing and Community Investment Department (HCIDLA) and the Los Angeles Homeless Services Authority (LAHSA).

## **RECOMMENDATIONS**

It is recommended that the City Council approve the following:

### Relative to the approval of the Third Year (2015-2016) Action Plan:

1. Find that the 41<sup>st</sup> Program Year Housing and Community Development Consolidated Plan (41<sup>st</sup> PY Consolidated Plan) – Third Year Action Plan will not have a significant effect on the environment, pursuant to the City's Environmental Guidelines, and in compliance with the California Environmental Quality Act of 1970; that the Notice of Exemption reflects the independent judgment of the lead agency of the City of Los Angeles; that the document constituting the record of proceedings in this matter is located in the custody of the City Clerk, and adopt the Notice of Exemption for the 41<sup>st</sup> PY Consolidated Plan, be submitted by the Los Angeles Housing and Community Investment Department (HCIDLA) and 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 per 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. HCIDLA has determined that some action is programmatically exempted per CFR 58.34 and categorically excluded per CFR 58.35(a)(b) from this 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 the California Environmental Quality Act (CEQA), if implementation of the projects is authorized as part of the budgeting process. 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.

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 per 24 Code of Federal Regulations (CFR) Part 58 and exempt under CEQA per 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 Mitigated Negative Declaration/Environmental Assessment + Finding of No Significant Impact or Environmental Impact Report/Environmental Impact Statement on a site-by-site basis.

2. Approve the 41<sup>st</sup> Program Year Consolidated Plan and the related budgets for the Community Development Block Grant, HOME Investment Partnerships Program, Emergency Solutions Grant, and Housing Opportunities for Persons with AIDS included as Attachment B to this report.
3. Authorize the General Manager of 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 of HCIDLA, or designee, to submit the annual 2015-2016 41<sup>st</sup> Program Year Action Plan to HUD after approval by Council and Mayor and the 30-day public comment period ends, as well as after the 2015 federal allocations have been announced by HUD.
5. Instruct the General Manager of HCIDLA, or designee to:
  - a. Provide written notification to 41<sup>st</sup> Program Year Action Plan applicants as follows:
    - i. To unsuccessful applicants informing them that they are not recommended for award and further advising them of current and forthcoming alternative competitive application processes; and
    - ii. To successful applicants advising them of final award recommendations and required contracting processes to facilitate program implementation.
  - b. Prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with the intent of the 41<sup>st</sup> Program Year Action Plan actions and instruct the Controller to implement these instructions;
  - c. Monitor public services and administrative services expenditures against the 41<sup>st</sup> Program Year statutory spending limitations respectively and report back to the Mayor and City Council within 30 days with recommendations for necessary adjustments in the event it is anticipated that either cap will be exceeded;
  - d. 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 Consolidated Plan sources.
  - e. Make revisions to the 41<sup>st</sup> Program Year plan as needed when the final federal allocations are announced by HUD, in alignment with the Contingency Language in Attachment A. If the allocations exceed the amounts indicated in the Contingency Language, the 41<sup>st</sup> Program Year plan will come back to the Council and Mayor for amendment.

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Relative to CDBG Reprogramming and HOPWA Reprogramming:

6. Approve the reprogramming of \$5.9 million in CDBG funds listed in Attachment D of this report, and \$3.9 million in HOPWA prior year savings, as a source of revenue for the 41<sup>st</sup> PY Action Plan budget.
7. Instruct the General Manager of HCIDLA, or designee, to work with the Controller and 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 the City Council and Mayor on September 12, 2003 (CF 01-2765-S2).

Relative to Contract Authorities:

8. 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 as to form.
9. Instruct the General Manager of HCIDLA, or designee, with the assistance from the CAO to report within 15 days of the Council and Mayor's approval of the 41<sup>st</sup> Program Year Consolidated Plan with an analysis, recommendations and any necessary additional implementing language for related authorities and administrative allocations.

Sincerely,



ERIC GARCETTI

Mayor

MEG:jdr

Attachments    A — Findings  
                      B — Budget  
                      C — CDBG Footnotes  
                      D — CDBG Prior Year Available Savings  
                      E — CDBG Resources  
                      F — Fall 2014 community meetings summary

cc:     Heads of City Departments  
         Commissioners, Affordable Housing Commission  
         Commissioners, Commission for Community and Family Services  
         Commissioners, HACLA Board of Commissioners  
         Commissioners, LAHSA Commission  
         Presidents, Neighborhood Councils  
         Directors, Community-Based Organizations