

ENVIRONMENTAL EXEMPTION and HOUSING COMMITTEE REPORT relative to the 42nd Program Year (PY) of the Housing and Community Development Consolidated Plan - Fourth Year Action Plan (2016-2017).

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

1. FIND that the 42nd PY Housing and Community Development Consolidated Plan - Fourth 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 (CEQA) 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 acknowledge the Notice of Exemption for the 42nd 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 United States 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 Code of Federal Regulations (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 CEQA, if implementation of the projects is authorized as part of the budgeting process. 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.

Those projects that are not exempt or not yet defined are approved, subject to: confirmation that the project to be funded is categorically excluded under NEPA per 24 CFR Part 58 and exempt under CEQA per the Guidelines prior to project implementation; or, 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 and Finding of No Significant Impact or Environmental Impact Report / Environmental Impact Statement on a site-by-site basis.

2. APPROVE the 42nd Program Year Consolidated Plan and the related budgets for the Community Development Block Grant (CDBG), HOME Investment Partnerships Program, Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) included as Attachment B of the Mayor's report to Council dated January 29, 2016.

3. AUTHORIZE the General Manager, HCIDLA, or designee, to:
 - a. 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 approval of the City Attorney as to form and legality.
 - b. Submit the annual 2016-2017 42nd PY Action Plan to the HUD after approval by Council and Mayor and the 30-day public comment period ends, as well as after the 2016 federal allocations have been announced by HUD.
4. INSTRUCT the General Manager, HCIDLA, or designee, to:
 - a. Provide written notification to 42nd PY 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.
 - ii. To successful applicants advising them of final award recommendations and required contracting processes to facilitate program implementation.
 - b. Prepare Controller instructions and/or to make any technical adjustments that may be required and are consistent with the intent of the 42nd PY Action Plan actions; and, AUTHORIZE the Controller to implement these instructions.
 - c. Monitor public services and administrative services expenditures against the 42nd 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.
 - d. Prepare, with assistance from the Economic and Workforce Development Department 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 42nd PY plan as needed when the final federal allocations are announced by the HUD, in alignment with the Contingency Language in Attachment A of the Mayor's report to Council dated January 29, 2016; if the allocations exceed the amounts indicated in the Contingency Language, the 42nd PY Action Plan will come back to the Council and Mayor for amendment.
5. INSTRUCT the HCIDLA, the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) to ensure that 42nd PY projects recommended for funding are in compliance with City CDBG expenditure policy and guidelines, to establish 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.
6. APPROVE the reprogramming of \$2.0 million in CDBG funds listed in Attachment D of the Mayor's report to Council dated January 29, 2016, \$750,000 in ESG, and \$4.7 million in

HOPWA prior year savings, as a source of revenue for the 42nd PY Action Plan budget.

7. INSTRUCT the General Manager, 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 Council on September 12, 2003.
8. AUTHORIZE the HCIDLA to reprogram \$1,500,000 in unexpended, prior year HOME Investment Partnerships Program funds from the Affordable Housing Trust Fund to the citywide Homeownership Purchase Assistance Loan Program, also known as the Low Income Purchase Assistance Program.
9. AUTHORIZE the General Manager, HCIDLA, or designee, to:
 - a. Use prior year HOME Funds totaling \$1,500,000 from the Homeownership Purchase Assistance Loan Program.
 - b. Prepare a substantial amendment to the Consolidated Plan to solicit public comment on the proposed changes.
10. AUTHORIZE the Controller to:
 - a. Establish a new account 43M234 Homeownership Reprogrammed and appropriate \$1,500,000 within the HOME Investment Partnership Program Fund No. 561/43.
 - b. Decrease appropriations within Fund No. 561/41 HOME Investment Partnerships Program, as follows:

<u>Account Title</u>	<u>Amount</u>
43M411 Unallocated	\$514,608
43M008 Affordable Housing Trust Fund	<u>985,392</u>
	Total: \$1,500,000
11. AUTHORIZE the General Manager, HCIDLA, or designee, to prepare Controller Instructions and/or make any technical adjustments that may be required and are consistent with the Mayor and Council action on this matter, subject to the approval of the CAO, and AUTHORIZE the Controller to implement the instructions.
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 the approval of the City Attorney as to form and legality.
13. INSTRUCT the General Manager, HCIDLA, or designee, with the assistance from the CAO to report within 15 days of the Council and Mayor's approval of the 42nd PY Consolidated Plan with an analysis, recommendations and any necessary additional implementing language for related authorities and administrative allocations.
14. INSTRUCT the CLA to report on the 42nd Consolidated Plan relative to:

- a. In 30 days, in coordination with the HCIDLA and the CAO:
 - i. Program process, community outreach efforts and budget details for the City Attorney's Residential Enforcement and Task Force for Apartment and Rental Properties, Pro-active Code Enforcement.
 - ii. Efforts to expand and prepare additional Slum/Blight reports.
 - iii. Status of the Clean Tech Business Incubator LA Kretz Innovation Campus.
 - iv. The feasibility of creating a small business loan program or other loan programs, including a seismic retrofit assistance program.
- b. Budget Line Item No. 5: Discuss how the reduction from \$900,000 to \$600,000 impact service delivery in the Aging Services Delivery System.
- c. Budget Line Item No. 8: Discuss how the reduction from \$6.2 million to \$5 million impacts the service delivery of the Family Source System program.
- d. Budget Line Item No. 21: Report on Economic Development Program delivery and how it will be used.
- e. Budget Line Item No. 24: Determine if additional funding in the amount of \$150,000 is available for the Valley Economic Development Center Restore LA program.
- f. Budget Line Item No. 31: A geographic breakdown of the Homeownership Assistance Program.
- g. Budget Line Item No. 52: Discuss how and where Neighborhood Facility Improvement Program Delivery funds will be used.
- h. Identify funding for the Van Nuys Façade Program for in the amount of \$750,000 and the Bradley Green Alley Project in the amount of \$500,000.
- i. Discuss how the City will fund the City's Comprehensive Homeless Strategy since much of the funding historically comes from the Consolidated Plan.

Fiscal Impact Statement: None submitted by the Mayor. Neither the CAO nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

SUMMARY

In a report to Council dated January 29, 2016, the Mayor requests approval of the 42nd PY Consolidated Plan and entitlement program budgets, and related actions. The Mayor states that the objective of the Consolidated Plan is to maximize every available resource and work with the larger community to create a better Los Angeles. The City of Los Angeles receives four

entitlement grants: CDBG, HOME Investment Partnerships Program, ESG, and 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 Mayor goes on to report that the Consolidated Plan consists of more than \$88.6 million in annual allocations from these grants awarded by HUD. The objectives of the 42nd Program Year Action Plan are to strategically fund neighborhood improvement projects that can be completed within the 42nd 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 to support immediate infrastructure development and economic activity; and to prioritize funding for core delivery systems that create jobs, increase family economic stabilization and mobility, create and preserve affordable workforce housing, and end homelessness. It is estimated that 28% of program funds will be used for neighborhood improvements, housing and related programs, administration, public services, and economic development. Program budgets and service descriptions are attached to the Mayor's report.

At its special meeting held February 3, 2016, the Housing Committee discussed this matter with representatives of the Mayor's Office. It was stated that funding in the amount of \$116,386,596 is available. The City of Los Angeles has improved its grant management performance and will meet the timeliness threshold allowing the City to retain all previously awarded funds. Mayor's Office staff went on to state that the public service and administration caps have been reduced. This is the third consecutive year funds have been cut.

Housing Committee members recommended that Council approve the Mayor's recommendations for the 42nd PY of the Housing and Community Development Consolidated Plan, as amended to direct the CLA to report on the matters listed above.

Respectfully Submitted,

HOUSING COMMITTEE

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

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-NOT OFFICIAL UNTIL COUNCIL ACTS-