

GENERAL, STATUTORY, AND CATEGORICAL EXEMPTIONS and HOUSING COMMITTEE REPORT relative to the 45th Program Year (PY 45) of the Housing and Community Development Consolidated Plan (Con Plan) for 2019-20.

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

1. FIND that:

- a. The 45th 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 45th 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:
 - i. 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.
 - ii. Some action is programmatically exempt annually under CEQA Guidelines for General Exemptions, Article 18; Statutory Exemptions Sections 15260 through 15285; and, Article 19 Categorical Exemptions Sections 15300 through 15333.
- e. 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.
- f. 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 45th 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 A of the May 6, 2019 Chief Legislative

Analyst report, attached to the Council file.

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 review and approval of the City Attorney as to form.
- b. Submit the annual 2019-20 45th 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 ended.

4. 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 F of the May 6, 2019 CLA report, attached to the Council file.

5. INSTRUCT the General Manager, HCIDLA, to:

- a. Provide written notification to all applicants of the 45th 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. Monitor public services and administrative services expenditures against the 45th 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.
- c. Prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with the intent of the 45th PY Con Plan actions upon approval of the CLA; and, request the Controller to implement these instructions.
- d. Prepare, with assistance from the Economic and Workforce Development Department (EWDD) 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.

6. INSTRUCT the HCIDLA, CLA, and City Administrative Officer (CAO) to ensure that PY 45 projects recommended for funding are in compliance with the City's CDGB expenditure policy and guidelines (Council file No. 01-2765-S2), 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 PYs.

7. RESOLVE that the position of one Project Coordinator (Class Code 1542) within the HCIDLA Community Services and Development Bureau to be funded with the CDBG to operate the Children's Savings Account Program is APPROVED and CONFIRMED for Fiscal Year (FY) 2019-20.
8. AUTHORIZE Controller to process a Reserve Fund loan for up to \$10 million, to be available July 1, 2019 or soon thereafter for the period of July 1, 2019 to October 31, 2019 for cash flow purposes related to the Consolidated Plan grants (CDBG, ESG, HOME, HOPWA) with said loan to be fully reimbursed from grant receipts in FY 2019-20.
9. APPROVE the following reprogramming:
 - a. \$2,358,726.63 in CDBG available balance as detailed in Attachment C of the May 6, 2019 CLA report, attached to the Council file, as a source of revenue for the PY 45 Action Plan budget.
 - b. \$1,565,149 in HOPWA prior year savings, as a source of revenue for the PY 45 Action Plan budget.
10. AUTHORIZE General Managers, or designees, of program implementing Departments to:
 - a. Negotiate and execute contracts, contract amendments and/or interdepartmental agreements as needed with the grant recipients identified in Attachment F of the May 6, 2019 CLA report, attached to the Council file.
 - b. 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.
11. 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.
12. 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.
13. 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.
14. 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, Attachment

F of the May 6, 2019 CLA report, attached to the Council file.

15. INSTRUCT the General Manager, HCIDLA, or designee, with the assistance from the CAO to report within 30 days of the Council and Mayor's approval of the 45th PY Con Plan with an analysis, recommendations and any necessary additional implementing language for related authorities and administrative allocations.
16. APPROVE the updated CDBG Future Vested and Priority Projects List as detailed in Attachment E of the May 6, 2019 CLA report, attached to the Council file, which adds the following projects:
 - a. La Posada Housing Rehabilitation (CD1)
 - b. Vermont Square Library (CD9)
 - c. Clinica Romero Transformation Project (CD14)
17. INSTRUCT the HCIDLA to:
 - a. Consider the following projects for future reprogramming opportunities, subject to determination of eligibility:
 - i. Blakewell Parking Lot (CD8)
 - ii. Pacoima Community Kitchen (CD7).
 - b. Report to Council with a Request for Proposals or the designated subrecipient(s) for the Skid Row Community Space line item, subject to City Attorney review as to form and legality.
18. INSTRUCT the HCIDLA to prepare any additional contract authorities, Controller instructions, and/or any other documents necessary to meet HUD deadlines; and, INSTRUCT the CLA to submit these documents to City Council for approval.
19. INSTRUCT the EWDD to report with an update of the Los Angeles Cleantech Incubator's efforts to reduce and eventually eliminate its CDBG amount starting in PY 46 and future Program Years thereafter (Council file No. 18-0106).
20. INSTRUCT the CAO to work with HCIDLA staff responsible for Consolidated Plan administration to include Controller instructions in the first Financial Status Report to align City budget appropriations with the grant funding approved in the Consolidated Plan and inform City Departments of any changes in their resources.
21. AUTHORIZE the HCIDLA to:
 - a. Adjust project descriptions in Attachment B of the May 6, 2019 CLA report, attached to the Council file, for the Panorama City Street Lighting and the Sun Valley Street Lighting Projects to more accurately reflect the locations of these projects.

b. Reflect these adjustments in all related documents that are necessary to implement the 45th PY Con Plan.

22. RECOGNIZE the \$1,974,593 General fund reimbursement to the Letter of Credit to resolve HUD findings regarding previous CDBG projects as revenue, subject to the Mayor and Council's approval of the General Fund appropriation in the 2019-20 budget process.
23. REPROGRAM \$300,000 from the Jobs and Economic Development Incentives (JEDI) Façade Program to the LA Business Incubator (LACI) Program, making for a new total allocation to the JEDI Façade Program of \$200,000 and \$1,721,563 for the LACI Program.
24. PRIORITIZE the JEDI Façade Improvement Program for reprogramming during the Mid-Year Reprogramming.

Fiscal Impact Statement: The CLA reports that the PY 45 CDBG will provide approximately \$31 million to support positions (direct salaries: \$14.1 million; expenses including contracts: \$7.4 million; and related cost reimbursement: \$9.5 million). For PY 45, the CAO has calculated total related costs to be approximately \$9.8 million. Of this amount, approximately \$9.5 million can be funded with CDBG dollars. This will result in a balance of approximately \$300,000 in unfunded 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 44 fiscal impact was estimated at \$1 million 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. The CAO further reports that Cost Allocation Plan (CAP) 41 is the plan used to calculate related costs for 2019-20, and in many cases, CAP 41 is lower than CAP 40, the rate used to calculate related costs in PY 44. 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 March 27, 2019 your Committee considered October 10, 2018 and March 1, 2019 communications from the Mayor relative to relative to the 45th PY Con Plan for 2019-20. According to the Mayor, the 45th PY Con Plan proposed 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, but in particular the most vulnerable residents experiencing homelessness and income insecurity. These funds are for projects and programs aimed at increasing access to affordable housing, revitalizing neighborhoods and supporting economic development primarily benefiting low income residents of the City. Last year, Council approved the 2018-22 Con Plan Overview that outlines the framework for how the City will coordinate efforts to revitalize low income neighborhoods during a five-year period.

The proposed 45th PY Con Plan that allocates funding for the second year implementation. The City receives four entitlement grants:

1. CDBG
2. HOME
3. ESG
4. HOPWA.

These entitlements comprise the City's Con Plan, a comprehensive, integrated approach to planning and implementing the City's housing, community development, and economic development needs and priorities. The proposed 45th Con Plan consists of more than \$138 million in annual allocations of the CDBG, ESG, HOME, and HOPWA grant funding from HUD. After consideration and having provided an opportunity for public comment, the Committee moved to continue this matter.

Subsequently, on May 8, 2019, the Committee reconsidered this matter to include a May 6, 2019 CLA report. According to the CLA, the Mayor's Proposed Con Plan uses estimated entitlement amounts for each grant and also includes Contingency Language in the event that the actual grant amounts received from HUD differ from the City's estimates. On April 12, 2019, HUD notified the City of its final entitlement amount. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the May 6, 2019 CLA report, as amended. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
KREKORIAN:	ABSENT
HARRIS-DAWSON:	YES

ARL
5/8/19

-NOT OFFICIAL UNTIL COUNCIL ACTS-