

BUDGET AND FINANCE COMMITTEE REPORT relative to approval of repayment and request for General Fund allocation to resolve findings made by the United States Department of Housing and Urban Development (HUD) related to the Community Development Block Grant (CDBG) and the Housing Opportunities for Persons with AIDS (HOPWA) Program.

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

1. APPROVE the use of \$477,946.03 General Fund dollars to repay HUD and resolve outstanding findings related to the CDBG and the HOPWA Program, with any payments made in Fiscal Year 2021-22 subject to the approval of the Mayor and Council through the annual budget process, as follows:
  - a. Use \$258,563.03 for payment to the CDBG line of credit and reflect this as a revenue for the CDBG program in the Program Year (PY) 46 Consolidated Plan budget or the PY 47 Consolidated Plan budget, subject to the approval of the Mayor and Council.
  - b. Use \$219,383 for payment to the HOPWA line of credit and reflect this as revenue for the HOPWA Program in the PY 46 Consolidated Plan budget.
2. INSTRUCT the City Administrative Officer (CAO) to report on potential funding solutions for the repayment described above.
3. AUTHORIZE the General Manager, Los Angeles Housing and Community Investment Department (HCIDLA), to:
  - a. Prepare and post for the required public comment period, a substantial amendment for the PY 46 Annual Action Plan and/or the PY 47 Annual Action Plan to reflect these actions.
  - b. Prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and Council actions on this matter, subject to the approval of the CAO.
4. AUTHORIZE the Controller to transfer \$219,383 from the Unappropriated Balance Fund No. 100/58, Account No. 580196, Reserve for Mid-Year Adjustments to the HCIDLA, Fund No. 569/43 Revenue Source Code No. 5691, to repay the HUD HOPWA grant line of credit for audit findings related to the HOPWA Program.

Fiscal Impact Statement: The CAO reports that there is a direct impact on the General Fund. HCIDLA's proposal would utilize up to \$477,946.03 in General Fund dollars to repay the HUD to resolve findings regarding previous CDBG and HOPWA Program disallowed charges.

Financial Policies Statement: The CAO reports that the recommendations in this report comply with the City's Financial Policies in that General Fund appropriations for the repayment to the HUD in this fiscal year will be from General Fund reserves for shortfalls or contingencies that arise during the year and appropriations in the subsequent fiscal year will be subject to the

approval of the Mayor and Council through the annual budget process.

Community Impact Statement: None submitted.

**SUMMARY**

At its special meeting held on December 7, 2020, the Budget and Finance Committee considered CAO and Los Angeles Housing and Community Investment Department (HCIDLA) reports relative to approval of repayment and request for General Fund allocation to resolve findings made by the United States Department of Housing and Urban Development related to the Community Development Block Grant and the Housing Opportunities for Persons with AIDS Program.

Previously, the CAO and HCIDLA report recommendations were approved by the Housing Committee on November 23, 2020.

After further consideration, and after providing an opportunity for public comment, the Committee approved the recommendations by HCIDLA and the CAO, as amended, as detailed above. This matter is now forwarded to Council for its consideration.

Respectfully Submitted,

**BUDGET AND FINANCE COMMITTEE REPORT**

<b><u>MEMBER</u></b>	<b><u>VOTE</u></b>
KREKORIAN:	YES
PRICE:	YES
KORETZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

MM12/7/20 Council file No. 20-1303

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**