

Agenda Report

June 15, 2015

TO: Honorable Mayor and City Council

FROM: Housing and Career Services Department

SUBJECT: APPROVAL OF STANDARD AMENDMENT TO 2014-2015 ANNUAL ACTION PLAN TO ALLOW PROGRAMMING OF CDBG FUNDS

RECOMMENDATION:

It is recommended that the City Council approve the submission to the U.S. Department of Housing and Urban Development (HUD) of a Standard Amendment to the 2014-2015 Annual Action Plan to allow for the programming of Community Development Block Grant (CDBG) funds.

BACKGROUND:

As a recipient of community development and housing funds from HUD, the City is required to prepare and submit to HUD an Annual Action Plan. The Annual Action Plan generally describes how the City will utilize and distribute funds between eligible activities during the program year. The 2014-2015 Annual Action Plan was approved by City Council on June 9, 2014. In accordance with HUD regulations, any significant change to an Annual Action Plan must be approved by the local government body in the form of a Substantial Amendment. Amendments that are not considered substantial shall be referred to as standard amendments, such as the subject recommendation, and do not require citizen participation.

Standard Amendment

In the approved 2014-2015 Annual Action Plan, \$359,075 in CDBG funds were allocated for CDBG program administration. From April 1, 2015 through May 12, 2015 the City received CDBG program income in the total amount of \$328,952 from the settlement of the Pasadena Neighborhood Housing Services, Inc. ("PNHS") bankruptcy case. These funds are from repayments of housing rehabilitation loans originated by PNHS and funded with CDBG monies. HUD regulations allow entitlement grantees to obligate 20% of any CDBG program income received in the current program year towards program administration. Accordingly, \$65,790 (20%) of the program income received from the PNHS bankruptcy settlement is now available to be used for CDBG administrative costs. The recommended standard amendment to the 2014-2015 Annual

Action Plan would increase the allocation of CDBG funds available for program administration by said amount to \$424,865. The remaining \$263,162 of the new program income will go to the CDBG funding pool for programming of 2015-2016 projects.

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|------------------------------------------------------|-----------------------------------|------------------|
| Original CDBG Program Administration FY15 Budget | | \$359,075 |
| Program Income Received | \$327,952 | |
| Available for CDBG Program Administration in FY15 | 20% of Program Income Received | \$65,790 |
| Amended CDBG Program Administration FY15 Budget | | <u>\$424,865</u> |
| Remaining Program Income to be used in FY16 | \$263,162 | |

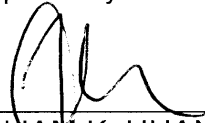
COUNCIL POLICY CONSIDERATION:

The proposed action supports the City Council Strategic Planning Three-Year Goals specifically in the areas of improving, maintaining and enhancing public facilities and infrastructure, and supporting the quality of life and the local economy.

FISCAL IMPACT:

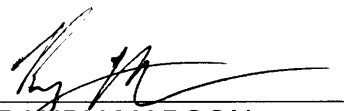
Approval of the proposed recommendation will result in the availability of \$65,790 in CDBG program income funds for CDBG program administration costs in FY15, and will offset General Funds that would have been used to cover these costs. A budget amendment recognizing the increase in CDBG program income revenue (\$327,952) and that portion of the new CDBG program income available for administration (\$65,790) will be brought to the City Council on June 22, 2015 as part of the FY 2015 budget clean-up agenda.

Respectfully submitted,



for WILLIAM K. HUANG, Director
Housing and Career Services

Prepared by:



RANDY MABSON
CDBG Program Coordinator

Approved by:



MICHAEL J. BECK
City Manager