

Agenda Report

December 4, 2017

TO: Honorable Mayor and City Council

FROM: Housing and Career Services Department

SUBJECT: PUBLIC HEARING: SUBSTANTIAL AMENDMENT TO THE ANNUAL ACTION PLAN (2017-2018) FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM AND HOME INVESTMENT PARTNERSHIP PROGRAM

RECOMMENDATION:

It is recommended that upon close of the public hearing the City Council take the following actions:

- 1) Find that the recommended action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines per Section 15061 (b) (3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
- 2) Approve the submission to the U.S. Department of Housing and Urban Development of a Substantial Amendment to the Annual Action Plan (2017-2018) as described in the report to: a) reduce funding by \$40,000 in Community Development Block Grant funds for the Public Health Department; and b) increase funding by \$2,782,981 in Home Investment Partnership funds for the Decker Court and Gill Court housing projects.

BACKGROUND:

The Annual Action Plan sets forth the projected uses of federal entitlement funds, including Community Development Block Grant ("CDBG") program funds for the coming program year, and addresses the available resources for program implementation, activities to be undertaken, program guidelines, and monitoring. The Plan addresses the efforts made toward accomplishing the goals and objectives included in the City's Five-Year Consolidated Plan (2015-2019). On May 15, 2017, the City Council convened a public hearing approving the submission of the Annual Action Plan (2017-2018) as an application to the U.S. Department of Housing and Urban Development (HUD).

The proposed funding modifications described below require that the Annual Action Plan be amended in accordance with HUD regulations by a "Substantial Amendment" (as that term is used by HUD). The subject Substantial Amendment was issued for public review on October 19, 2017 at the Housing and Career Services Department website. Also, a notice was published in the Pasadena Journal from October 19, 2017 through November 23, 2017 regarding the scheduled public hearing to amend the 2017-2018 Annual Action Plan. To date no public comments have been received regarding the Substantial Amendment.

REDUCTION OF CDBG FUNDING

In Program Year 2016-17, the Public Health Department was awarded \$75,000 in CDBG funds to provide grants to small food retail stores in northwest Pasadena. To date the project has not expended any funds due to lack of business applications that meet the eligibility criteria. In order to maintain compliance with HUD regulations for drawdown compliance, staff recommends reducing funding by \$40,000.

INCREASE IN HOME FUNDING FOR DECKER COURT AND GILL COURT PROJECTS

The Substantial Amendment proposes the programming of \$2,782,981 in Home Investment Partnership ("HOME") program funds to assist the development of two affordable homeownership projects by local nonprofit housing sponsor Heritage Housing Partners. The Decker Court project will consist of nine (9) affordable low income units located at 1661 N. Fair Oaks Avenue; this project will include the relocation and renovation of the Heritage Square house, a historic local landmark currently located at 750 N. Fair Oaks Avenue. The Gill Court project will consist of seven (7) affordable low income units located at 1669 N. Fair Oaks Avenue. These two projects were originally to be developed as a single-site, 15-unit condominium complex that was approved for City financial assistance pursuant to Agreement No. 30171. However, HUD has required that the single-site development be entitled and developed as two separate projects. Furthermore, the developer's project financing plan anticipated New Markets Tax Credit equity, however, the developer was not able to secure that funding. With approval of the Substantial Amendment, staff will bring a recommendation to City Council on December 11, 2017 for action on the terms of the respective development and loan agreements for these two projects. The action requested this evening does not bind the City to fund the project.

ENVIRONMENTAL ANALYSIS:

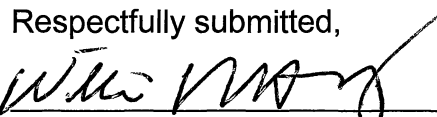
The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "General Rule" provision of CEQA which applies to projects which may have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The approval of the subject Substantial Amendment to the Annual Action Plan is a funding mechanism only and is excluded from the definition of "project" pursuant to State CEQA Guidelines Section 15378(b)(4). Furthermore, the proposed action does not constitute a final funding commitment to any of the identified activities, as the grant sub-recipients of the activities would be required to enter into contractual agreements. Pursuant to the terms of the contracts, appropriate environmental review of each funded activity will take place prior to commencement of any activity. Therefore, the action proposed herein will not have a significant effect on the environment and, hence, is not subject to CEQA.

COUNCIL POLICY CONSIDERATION:

This proposed action supports the City Council Strategic Planning Three-Year Goals in the areas of improving, maintaining, and enhancing public facilities and infrastructure; improving mobility and accessibility throughout the City of Pasadena; and supporting and promoting the quality of life and the local economy.

FISCAL IMPACT:

There is no fiscal impact as a result of this action and it will not have any indirect or support cost requirements. The anticipated impact to other operational programs or capital projects as a result of this action will be none.

Respectfully submitted,

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Approved by:


STEVE MERMELL
City Manager