



Agenda Report

June 6, 2016

TO: Honorable Mayor and City Council

FROM: Housing and Career Services Department

SUBJECT: PUBLIC HEARING: AMENDMENT TO THE ANNUAL ACTION PLAN (2015-2016) FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT 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 an Amendment to the Annual Action Plan (2015-2016), specifically for repayment of Section 108 Loan.

BACKGROUND:

The Section 108 Loan Guarantee Program ("Section 108") is a program offered by the United States Department of Housing and Urban Development ("HUD") to provide communities with a source of financing for economic development, housing rehabilitation, and public facilities projects. The Program offers local governments the ability to utilize their Community Development Block Grant ("CDBG") funds to make debt service payments on the Section 108 loan. On May 11, 2015, City Council adopted Resolution No. 9431 to accept a \$6 million HUD Section 108 loan to be used towards the renovation of the Robinson Park recreation center, and repaid with the City's CDBG funding allocation over a 20-year term. The City received the loan proceeds in October 2015. The City is required to make two loan payments to HUD each year: a) an interest-only payment in January; and b) an amortized principal plus interest debt payment in August. The first interest-only payment was made in January 2016 in the amount of \$9,044.60, the first amortized payment will be due in August 2016 in the estimated amount of \$325,000, and the next interest-only payment will be due in January 2017 in the estimated amount of \$25,000. Staff is requesting to program

\$360,000 in unspent CDBG funds to allow the City to be reimbursed for making these payments, which span program years 2015-2016 and 2016-2017. In accordance with the HUD-approved 5-Year Consolidated Plan (2015 - 2019), the current Annual Action Plan (2015-2016) is required to be amended to set forth the proposed use of CDBG funds to make repayments on the Section 108 loan. The proposed amendment to the Annual Action Plan was publicly noticed from January 12, 2016 to February 11, 2016. To date no public comments have been received regarding this amendment.

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.

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 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). No further CEQA review is required for this action.

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. However, in accordance with Resolution No. 9431 adopted by City Council on May 11, 2015, in the unlikely event that CDBG funds are insufficient for the City to meet its obligations as borrower during the term of the Section 108 Loan, the City's General Fund Reserves would be utilized to cover the deficiency.

Respectfully submitted,



WILLIAM K. HUANG, Director
Housing and Career Services

Prepared by:



RANDY MABSON
CDBG Program Coordinator

Approved by:



STEVE MERMELL
Interim City Manager