

# Agenda Report

February 26, 2018

**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**

## **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 \$100,000 in Community Development Block Grant (CDBG) funds for the Pasadena Single Family Residential Rehabilitation project; and b) allocate \$300,000 in CDBG funds for Pasadena Enterprise Center building improvements.

## **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 January 4, 2018 on the Housing and Career Services Department website. Also, a notice was published in the Pasadena Journal from January 11, 2018 through February 15, 2018 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**

The Pasadena Single Family Residential Rehabilitation project of the Department's MASH program was originally budgeted \$625,000 in CDBG funds to perform lead-based paint stabilization, and install solar panels on single-family residences. Based on current projections, the project is on pace to expend \$525,000 in CDBG funds for the program year. The MASH program did not expend all of its budgeted CDBG fund because it performed more fee for services work than anticipated including rehab of the El Centro Building and turf termination work in partnership with Pasadena Water and Power. In order to maintain compliance with HUD regulations for drawdown compliance, the Substantial Amendment proposes a reduction in project funding by \$100,000, which amount will be transferred to the CDBG fund balance and be available for re-allocation to CDBG program activities.

### **ALLOCATE CDBG FUNDING FOR PEC BUILDING IMPROVEMENTS**

The Substantial Amendment proposes the programming of \$300,000 from the CDBG fund balance to perform renovations to the PEC building located on 1015 N. Lake Avenue, which is in escrow to be acquired by the City on March 12, 2018. Staff and proposed property manager Neighborhood Housing Services of Los Angeles County (NHSAC), have identified rehabilitation work needed for the building which will be operated as a non-profit collaborative center. The rehabilitation work contemplates significant capital improvements to the building over the coming years. The proposed funds will be utilized to develop preliminary design plans, replace a deteriorated roof and make ADA improvements. Using periodic awards of CDBG funds was identified as the most likely source of rehab funds for the PEC building from the initial proposal to City Council for the acquisition of the building.

### **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.

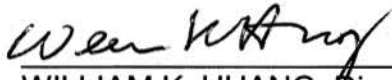
**COUNCIL POLICY CONSIDERATION:**

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,

  
WILLIAM K. HUANG, Director  
Housing and Career Services

Prepared by:

  
RANDY MABSON  
CDBG Program Coordinator

Approved by:

  
STEVE MERMELL  
City Manager