



# Agenda Report

May 20, 2019

**TO:** Honorable Mayor and City Council

**FROM:** Housing and Career Services Department

**SUBJECT: PUBLIC HEARING: SUBSTANTIAL AMENDMENT TO THE ANNUAL ACTION PLAN (2018-2019) 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 (2018-2019) to increase funding by \$60,000 in Community Development Block Grant funds for the Section 108 Loan Repayment related to Robinson Park Recreation Center Improvement project.

## **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 21, 2018, the City Council convened a public hearing approving the submission of the Annual Action Plan (2018-2019) as an application to the U.S. Department of Housing and Urban Development (HUD).

The proposed funding modification to increase funding for the Section 108 loan repayment for Robinson Park Recreation Center improvement described below requires

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 a public notice in the Pasadena Journal from April 1, 2018 through May 16, 2019 regarding the scheduled public hearing to amend the 2018-2019 Annual Action Plan. To date no public comments have been received regarding the Substantial Amendment.

### **INCREASE OF CDBG FUNDING FOR SECTION 108 LOAN**

In Annual Action Plan for Program Year 2018-19, the Section 108 Repayment project was awarded \$390,000 in CDBG funds to repay a Section 108 loan. The loan, in the amount of \$6,000,000, was utilized to partially fund the Robinson Park Recreation Center Improvements project. However, increases to the variable interest rate of the Section 108 loan has resulted in higher interest payments. The variable rate has increase from 1.13% to 2.48% over the past three years. In March 2019, HUD provided the opportunity to the City to refinance the loan and to lock-in a fixed interest rate. Additional CDBG funding in the amount of \$60,000 is required to cover costs for higher interest payments and the fixed rate refinance. This additional cost will be funded from the FY 2019 CDBG fund balance.

### **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 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 the approval of the Substantial Amendment 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. Cost will be covered by the existing CDBG fund balance.

Respectfully submitted,

  
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Approved by:

  
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for STEVE MERMELL  
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