

April 11, 2023

R-22

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the First Substantial Amendment to the Fiscal Year 2022-2023 Action Plan for the expenditure of Community Development Block Grant (CDBG), Home Investment Partnerships Program Grant (HOME), and Emergency Solutions Grant (ESG) funds; and,

Authorize the City Manager, or designee, to execute all necessary documents with the United States Department of Housing and Urban Development, and other entities, to execute agreements necessary to implement and comply with related federal regulations. (Citywide)

DISCUSSION

The City of Long Beach (City) receives federal funds from the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and Emergency Solutions Grant (ESG) entitlement programs. As a requirement to receive these funds, the City must adopt and submit a Consolidated Plan (Plan) to HUD. The Plan is a five-year planning document that describes community needs, goals, and activities to be undertaken. For each year of the five-year plan, the City is required to adopt an Annual Action Plan for the use of CDBG, HOME and ESG funds. The City's 2023 - 2027 Consolidated Plan and Fiscal Year (FY) 2023 Action Plan were approved by the City Council for submittal to HUD on July 19, 2022 and were subsequently approved by HUD. Since the time of approval, the City has faced certain challenges in some expenditure areas and wishes to make adjustments consistent with the City's focus on affordable housing production and the homeless state of emergency.

Federal regulation 24 CFR 91.505 and the City's Citizen Participation Plan require a substantial amendment to the Consolidated Plan and/or Annual Action Plan if there is a change in a single activity budget in excess of 25 percent and/or a change in allocation priorities, purpose, scope, location or beneficiaries of an activity.

The City is proposing a First Substantial Amendment (Attachment A) to its FY 2022-2023 Annual Action Plan to accomplish the following:

1. Adjust and move CDBG funding allocations to various programs to create a funding source to acquire land or real property to expand and accelerate the development of affordable housing
2. Fund the revised Neighborhood Grant Program, now that the activity meets HUD requirements

3. Adjust Rapid Rehousing and Street Outreach budgets to fund Emergency Shelter activities to better meet local needs
4. Add rental payments as an activity within the Security Deposit Program to help prevent homelessness.

The proposed funding reduction to some programs in this First Substantial Amendment will not operationally affect these programs as they will be left with sufficient funding to continue their services in the near-term and in the long-term they will be funded through future Action Plan budget cycles.

The First Substantial Amendment was made available for public review for 30 days. Notice of the proposed amendment was published in two local newspapers of general circulation. Any comments or views of citizens received in writing, via e-mail or orally at public hearings will be considered and included as an attachment to the final Substantial Amendment.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on March 7, 2023 and by Revenue Management Officer Geraldine Alejo on March 8, 2023.

TIMING CONSIDERATIONS

City Council action is requested on April 11, 2023, as the First Substantial Amendment to the 2022-2023 Fiscal Year must be submitted to HUD as soon as possible. Funds must be expended and drawn by August 2, 2023 to meet a timeliness test that occurs on this date.

FISCAL IMPACT

There is no fiscal or local job impact associated with this recommendation. The First Substantial Amendment reallocates \$1,807,000 appropriated in the Community Development Grants Fund Group in the Development Services Department to other eligible programs that address the needs, strategies and goals identified in the City's approved Consolidated Plan. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER KOONTZ
DIRECTOR, DEVELOPMENT SERVICES

APPROVED:



THOMAS B. MODICA
CITY MANAGER

City of Long Beach
FY 2023 Annual Action Plan
Substantial Amendment



INTRODUCTION

The City of Long Beach receives federal funds from the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME) and Emergency Solutions Grant (ESG) entitlement programs. CDBG is designated to assist in the development of viable communities by supporting projects that provide decent housing, suitable living environments, and expanded economic opportunities primarily for low- and moderate-income persons. HOME is designed exclusively to create affordable housing for low-income households and ESG is used to address homelessness. For each year of the of the five-year plan, the City is required to adopt an Annual Action Plan for the use of the CDBG and HOME funds. The City of Long Beach 2023 - 2027 Consolidated Plan and FY 2023 Action Plan were approved by City Council for submittal to the HUD on July 19, 2022 (22-0832) and approved by HUD.

Federal regulation 24 CFR 91.505 and the City's Citizen Participation Plan require a substantial amendment to the Consolidated Plan and/or Annual Action Plan if there is a change in the use of CDBG, HOME or ESG funds from one activity to another activity in excess of 25% of the total CDBG, HOME or ESG grant allocations for the program year, a change in allocation priorities or a change in the purpose, scope, location or beneficiaries of an activity.

The City of Long Beach is proposing a First Substantial Amendment to its FY 2022-2023 Annual Action Plan. This first Substantial Amendment is required due to a reallocation of funding from CDBG and ESG programs to other eligible programs that address needs, strategies and goals identified in the City's Consolidated Plan. The funding will be allocated to fund real property improvement predevelopment activities, including acquisition, clearance and demolition. In addition, the City will reallocate ESG funds as well as resubmit for approval the redesigned CDBG-funded Neighborhood Grant Program. Moreover, the current CDBG-funded Security Deposit Program will be amended to include rental assistance, under the CDBG subsistence payment eligibility criteria to households that are unable to fully pay their monthly rent due to an emergency hardship. The amendment will also reduce funding on slow-spending programs to reallocate those funds to some of the programs mentioned above.

BACKGROUND

Currently, the lack of enough affordable housing is a major challenge to the City and its residents. Hence, it is fitting to increase and accelerate the creation of affordable housing by efficiently reallocating and targeting available community development resources as well as by cultivating land use policies to spur the production of housing. CDBG amended funds will be used for predevelopment costs such as land acquisition, demolition and site clearance, all eligible for use under CDBG rules and regulations.

As mentioned above, there are several CDBG-funded programs that are still in the project-design phase of implementation and staff is recommending a decrease in funding for these programs to fund real property improvement activities, including acquisition, clearance and demolition, activities that will directly benefit in accelerating the creation of affordable housing. The programs to be decreased include the Home Improvement Roof Program, Enhanced Façade and Targeted Placemaking.

During the FY 23 Action Plan process, funds were proposed for non-profit agencies and neighborhood groups, including Community Land Trusts, to implement neighborhood projects benefiting low-income persons. Although supported by community, because program design was not finalized and ready for HUD-approval, the activity was not funded using FY 23 Action Plan funds and is now funding for the program is being requested as part of this Substantial Amendment. The newly proposed Neighborhood Grant Program will directly assist low income residents in CDBG-eligible areas by building the capacity of neighborhood organization activities and increasing measurable public service provisions in several areas to improve the livability of low-income residents.

During the FY 23 Action Plan process, Emergency Shelter activities were not funded with ESG funds. Due to an increase need in emergency shelter services, this Substantial Amendment proposes to decrease ESG funding to Rapid Rehousing and Street Outreach activities to fund Emergency Shelter activities.

FUNDING REALLOCATION

The proposed activities to be added are within priority needs sections of the 2023-2027 Consolidated Plan (Pages 98-105) under New Affordable Housing Opportunities, Emergency Shelters and Essential Services and Public and Supportive Services.

The proposed changes to the FY 2023 Action Plan will reduce prior allocations to programs and projects as shown below.

- CDBG Substantial Amendment Funding: \$1,575,000

	Total
Prior Programs (Decreases)	
Home Improvement Roof Program	(255,000)
Home Improvement Roof Program Delivery	(135,000)
Enhanced Façade	(510,000)
Targeted Placemaking (PBNIS)	(350,000)
Code Enforcement	(150,000)
Other Activities (Below 25%)	(175,000)
New Proposed Programs (Increases)	
A. Real Property Activities: Acquisition, Demolition, Site Clearance	1,425,000
B. Neighborhood Grant Program	150,000
Total Increases	1,575,000

- ESG Substantial Amendment Funding Reallocation: \$232,000

	Total
Prior Programs (Decreases)	
Rapid Rehousing	(175,335)
Street Outreach	(56,665)
New Proposed Programs (Increases)	
C. Emergency Shelter	232,000
Total Increases	232,000

PROPOSED SUBSTANTIAL AMENDMENT AND PROGRAM DESCRIPTION

The proposed activities to be added are within the Priority Housing Needs section of the 2023-2027 Consolidated Plan (Pages 91-104).

A.	Project Name	Real Property Improvement Activities: Acquisition/ Demolition/ Site Clearance (High Opp)
	Target Area	TCAC High Opportunity Target Areas
	Goals Supported	Create and Preserve Affordable Housing
	Needs Addressed	New Affordable Housing Opportunities
	Funding	CDBG Substantial Amendment: \$1,425,000
	Description	Provide assistance for predevelopment costs such as land acquisition, demolition and site clearance.
	Target Date	9/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	CDBG Substantial Amendment: 10 Housing Units
	Location Description	This program is available in TCAC high opportunity areas.
	Planned Activities	Provide funding for acquisition and predevelopment activities, such as demolition, site clearance and preparation.

B.	Project Name	Neighborhood Grant Program
	Target Area	CDBG Low and Moderate Income (LMA) Target Areas
	Goals Supported	Eliminate Blight and Strengthen Neighborhoods
	Needs Addressed	Public and Supportive Services
	Funding	CDBG Substantial Amendment: \$150,000
	Description	Provide assistance to existing neighborhood associations and other local non-profit agencies that are currently serving residents in low-income areas.
	Target Date	9/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	CDBG Substantial Amendment: 10 non-profit agencies
	Location Description	Applicant non-profits agencies must serve residents in CDBG Low and Moderate Income (LMA) Target Areas and grant funds must be used in CDBG Low and Moderate Income (LMA) Target Areas.

Planned Activities	Funds will be provided to neighborhood associations and local non-profit agencies, to fund neighborhood projects benefiting residents in low-income areas.
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C.	Project Name	Emergency Shelter
	Target Area	Citywide
	Goals Supported	Support Activities to End Homelessness
	Needs Addressed	Emergency Shelters and Essential Services
	Funding	ESG Substantial Amendment: \$220,000
	Description	Activities to maintain operate emergency shelter activities (payment for shelter maintenance, operation, rent, security, fuel, equipment, insurance, utilities, food and furnishings).
	Target Date	9/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	ESG Substantial Amendment: 375 Persons
	Location Description	This program is available citywide
	Planned Activities	Several agencies in Long Beach provide temporary shelter for homeless families, individuals, and for specific sub-populations of the homeless with an average length of stay of less than 90 days. Homeless households requiring longer than a 90-day stay will be prioritized for direct entry to a transitional shelter. MSC intake staff coordinated discharges from emergency shelters for alternative placement to housing resources.

D.	Project Name	Security Deposit and Rental Assistance (Focus Area Residents)
	Target Area	TCAC High Opportunity Target Area
	Goals Supported	Create and Preserve Affordable Housing
	Needs Addressed	Housing Assistance
	Funding	CDBG: \$200,000
	Description	Add Rental Assistance to the current Security Deposit Assistance program.
	Target Date	9/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	35 Households
	Location Description	This program is available for residents earning below 50% AMI looking for housing in High Opportunity areas
	Planned Activities	A last resort tool, one-time payment, to prevent eviction, available for MSC caseworkers. The funds will assist low-income households with a major emergency expenditure, who as a result are unable to pay rent.

CITIZEN PARTICIPATION

The draft Substantial Amendment has been available for public review for 30-days. Notice of the proposed amendment was published in two newspapers of general circulation, i.e., *Press Telegram* and *Excelsior (Spanish)*.

The City of Long Beach Community Investment Company and the City of Long Beach Grants Administrator will consider any comments or views of citizens received in writing, via e-mail or orally at public hearings. The comments will be included as an attachment to the final substantial amendment.

NOTICE OF PUBLIC HEARING AND NOTICE OF DOCUMENT AVAILABILITY

On Wednesday, **March 15, 2023** at 4:00 p.m., The Long Beach Community Investment Company (CIC) will conduct a public hearing in the 2nd Floor Large Conference Room, City Hall, 411 West Ocean Blvd., Long Beach.

The purpose of the public hearing will be to receive public comments on the Substantial Amendment to the FY 2023 Action Plan. The Action Plans covers program funding for Community Development Block Grant (CDBG) funds, HOME Investment Partnership Act (HOME) funds, and Emergency Solutions Grant (ESG) funds and was approved by the U.S. Department of Housing and Urban Planning (HUD). The Substantial Amendments to the Action Plan reallocates CDBG and ESG funds to meet the needs prioritized in the Five- Year Consolidated Plan.

On **February 10, 2023** draft copies of the Substantial Amendments to the FY 2023 Action Plan can be downloaded from the announcement section of the Development Services web page:

<http://www.longbeach.gov/lbds>

The City of Long Beach intends to provide reasonable accommodation for the Public Hearings in accordance with the Americans with Disability Act (ADA) of 1990. If special accommodations are required, please call Alem Hagos at (562) 570-7403 at least 48 hours prior to the March 15, 2023 Public Hearing. Citizens wishing to provide written comments must do so by March 13, 2023 for the March 15th Public Hearing. Written comments may also be addressed to Alem Hagos, Development Services Department, 411 West Ocean Boulevard, Long Beach, California 90802. Email: alem.hagos@longbeach.gov.



Long Beach Development Services

411 W. Ocean Blvd., 3rd Floor
Long Beach, CA 90802

Visit us at longbeach.gov/lbds
Email us at lbds@longbeach.gov

   @LongBeachBuilds

To request this information in an alternative format or to request a reasonable accommodation, please contact the Development Services Department at longbeach.gov/lbds and 562.570.3807. A minimum of three business days is requested to ensure availability; attempts will be made to accommodate requests with shorter notice.