



## Legislation Text

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**File #:** 15-0200, **Version:** 1

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Recommendation to approve the First Substantial Amendment to the Fiscal Year 2015 Annual Action Plan to obligate new Program Income in the HOME Investment Partnership program for activities that create affordable housing for low-income households;

Authorize City Manager to execute all necessary documents with the United States Department of Housing and Urban Development related to the First Substantial Amendment; and

Increase appropriations in the Community Development Grants Fund (SR 150) in the Development Services Department (DV) by \$4,000,000. (Citywide)

The City of Long Beach (City) receives federal funds from the United States Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG), HOME Investment Partnership Act (HOME) and Emergency Solution Grant (ESG) entitlement programs. The HOME program is designed exclusively to create affordable housing for low-income households. In order to receive CDBG, HOME and ESG funds, the City is required to submit a Five-year Consolidated Plan (Consolidated Plan) to HUD. For each year of the Consolidated Plan, the City is also required to adopt an annual Action Plan for the use of these entitlement funds. The current Consolidated Plan was approved by the City Council and HUD in 2012, and is valid from October 1, 2012 through September 30, 2017. On June 10, 2014, the City Council approved submission of the Fiscal Year 2015 (FY 15) Annual Action Plan (Action Plan) based on two public hearings conducted by the Long Beach Community Investment Company (LBCIC).

After the Action Plan was approved by the City Council and HUD, the City received an unanticipated loan repayment, in the amount of \$3,930,412, resulting from the sale of the Northpointe Apartments, requiring amendment of the Action Plan. Other loan repayments have been received, bringing HOME loan revenue to \$4 million. Federal regulation 24 CFR 91.505 and the City's Citizen Participation Plan requires that City Council approve any amendments to the current approved Action Plan if there is a change in the use of CDBG, HOME and ESG funds from one activity to another activity in excess of 25 percent of the total grant allocations for the program year, a change in allocation priorities or a change in the purpose, scope, location or beneficiaries of an activity.

On February 18, 2015, the LBCIC conducted a public hearing to solicit public comment on the Amendment to the Action Plan. Notices regarding the public hearing and the availability of the draft Amendment to the Action Plan were posted on the City's website for public review 30 days prior to the public hearing. An advertisement was published in the *Press-Telegram*

announcing the availability of the draft Amendment to the Action Plan and details of the public hearing. At the conclusion of the public hearing, the LBCIC voted unanimously to recommend that the City Council approve the attached draft Amendment to the Action Plan (Exhibit A).

The Amendment to the City's Action Plan includes the following changes, which are aligned with the City's Consolidated Plan priorities:

- Receive and obligate an additional \$4,000,000 in HOME program income funds resulting from an unanticipated HOME-funded loan repayment toward affordable housing activities.
- Add a new affordable housing activity (new housing construction) not previously described in the Action Plan.

This matter was reviewed by Deputy City Attorney Richard Anthony on February 12, 2015, and by Budget Management Officer Victoria Bell on February 24, 2015.

City Council action is requested on March 10, 2015, to ensure that the City meets its regulatory commitment and expenditure deadlines for the HOME Grant.

The proposed changes to the Action Plan will not affect funding for previously approved HOME activities and will result in the commitment of additional funds for a new affordable housing activity not previously described in the Action Plan. An appropriation increase is requested in the Community Development Grants Fund (SR 150) in the Development Services Department (DV) for \$4,000,000. The appropriation increase will be offset by the revenue from HOME loan repayments, including the sale of Northpointe Apartments and other projects. There will be no local job impact as a result of the recommended action.

Approve recommendation.

AMY J. BODEK, AICP  
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST  
CITY MANAGER