Community Development Commission

July 30, 2009

TO: Each Supervisor

FROM: Sean Rogan, Executive Director

SUBJECT: UPDATE ON THE PURSUIT AND IMPLEMENTATION OF FUNDING MADE AVAILABLE IN H.R. 1, THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009

On March 31, 2009, the Board of Supervisors requested that the Community Development Commission/Housing Authority of the County of Los Angeles (CDC/HACoLA) report on the efforts to apply for, or take the necessary steps to accept, each category of funding contained within ARRA that the CDC/HACoLA is eligible to receive, either by formula or by competitive grant application. This memorandum contains the most updated information pursuant to that request.

ARRA Funding Opportunities

Public Housing Capital Fund (CF) - See funding amounts below.
Both formula and competitive funding grants are available for the CF in ARRA. The funding is available for the capital and management needs of public housing agencies (PHAs), except that the use of funds cannot be for operations or rental support. There is a 10% administrative cap on the formula funds, however, at this time we have only budgeted for $100,000.

***Formula Grant* - $7,401,512 (by formula)**
Applying for the Funds: The U.S. Department of Housing and Urban Development (HUD) published a Notice of Funding Availability (Notice) for the CF formula funds on March 18, 2009. On March 31, 2009, the Board of Commissioners approved a motion to accept the grant funds, and funding became available to the HACoLA on May 14, 2009.

Using the Funds: The funds will be used for security improvements, energy efficiency work measures, preventive maintenance, and general improvements at 12 public housing developments comprised of 2,500 public housing units. Since the last Board Memo, the HACoLA has obligated an additional $18,413 for the smoke detector replacement project at the Francisquito Villa senior housing development. This brings the total amount contracted to $1,063,301, or 14.36%, for various public housing improvements.

Funding & Expenditure Levels: Of the $3 billion made available nationally, HUD granted $7.4 million by formula to the HACoLA. The HACoLA must obligate 100% of the funds within 1 year, expend 60% of the funds in 2 years, and complete 100% of the fund expenditures in 3 years. As of July 15, 2009, the HACoLA has expended $924,168, or 12.49%.

***Competitive Grant* - (Of the total $995 million available, the HACoLA has applied for $22,399,000 - *$16,475,000 was previously reported.*)**
Applying for the Funds: On June 3, 2009, HUD issued an update to the CF competitive funds Notice originally published on May 7, 2009. In this, HUD altered the eligibility requirements which ultimately led to the HACoLA's pursuit of funding in the following categories.

On June 22, 2009, the HACoLA applied for $16,475,000 in funding from the following 2 funding categories.

- Improvements Addressing the Needs of the Elderly and/or People with Disabilities - To improve public housing units for the elderly and/or people with disabilities, and/or to create community facilities for the delivery of supportive services.
- Public Housing Transformation - To transform distressed public housing projects in low poverty neighborhoods through new construction or rehabilitation.

On July 21, 2009, the HACoLA applied for $5,924,000 in funding from the following funding category.

- Creation of an Energy Efficient Green Community - To facilitate transformational energy efficient and "green" retrofits to substantively increase energy efficiency and environmental performance.

Using the Funds: If granted, the HACoLA will use the funding from the first 2 categories to upgrade its inventory of accessible units. The HACoLA will make improvements to meet the Americans with Disabilities Act (ADA) code compliance through improvements such as the modernization of elevators and repairs to tenant parking lots. Funding for the third category will be used at the Nueva Maravilla housing development to reduce energy costs, generate resident and PHA energy savings, and reduce greenhouse gas emissions attributable to energy consumption.

Funding & Expenditure Levels: HUD will grant $995 million nationally by competition. HUD will make awards by September 30, 2009. If awarded, the HACoLA must obligate 100% of the funds within 1 year of the date in which funds become available to an agency for contracts. HUD requires the HACoLA to use at least 60% of the funds within 2 years and 100% of the funds within 3 years. There are no expenditures to date as this grant has not yet received funding.

Community Development Block Grant (CDBG) - $8,080,528 (by formula)
HUD granted CDBG ARRA (CDBG-R) funding by formula. Eligible uses of the funding align with the existing CDBG program. In this, local governments can undertake a wide range of activities intended to create suitable living environments, provide decent affordable housing, and create economic opportunities, mainly for people of low- and moderate-income. There is a 10% administrative cap on the use of CDBG-R funds.

Applying for the Funds: Although HUD released the formula grant in February of 2009, HUD did not release the Notice for CDBG-R funding until May 5, 2009. The CDC submitted an amendment to the CDBG Program Year 2008 Action Plan (as required by ARRA) on June 5,

2009, after receiving approval from the Board on June 2, 2009. Upon receiving a "Congressional release of funds," the local HUD office will send the grant agreements to the CDC. The CDC expects to receive the agreements around August 1, 2009.

Using the Funds: The CDC has worked with the participating cities and Supervisorial Districts to identify eligible funding uses under CDBG-R. The CDC was expecting to present the projects to the Board of Supervisors for approval on July 21, 2009, but was stalled due to a recent review by HUD, which flagged approximately seven projects related to recreational activities. According to HUD, only ADA improvement projects at park facilities will be allowed under ARRA. In light of this new change, the CDC will work with the agencies affected by this regulation and will submit a new (revised) list of projects to the Board at a date to be determined in the near future.

Funding & Expenditure Levels: Of the $1 billion made available nationally, HUD granted $8 million by formula to the CDC for the CDBG-R program. The CDC must use the entire grant of CDBG-R funds by September 30, 2012. The CDC must report on the number of jobs created and maintained, if applicable, as well as the regular CDBG accomplishments and performance measures for the program. There are no expenditures to date as this program has not begun.

Neighborhood Stabilization Program 2 (NSP2) - (Of the total $2 billion available, the CDC has applied for $61 million.)
HUD will grant NSP2, numbered because it is the second round of NSP funding (the first was through the Housing and Economic Recovery Act of 2008), by competition. Allowable uses include acquisition, disposition, direct homeownership support, housing rehabilitation, clearance (for blighted structures only), new housing construction, and housing counseling. There is a 10% administrative cap on use of NSP2 funds.

Applying for the Funds: HUD released a Notice for NSP2 competitive funding on May 7, 2009. On July 10, 2009, the CDC submitted an application for $61 million to continue the Housing and Economic Recovery Ownership program (HERO) and Infill Sites Rental activities.

Using the Funds: The CDC will use NSP2 funding to supplement its NSP1 program, which includes the HERO program and Rental Infill Sites activities for tenants below 50% of the area median income (AMI).

Funding & Expenditure Levels: HUD has made $2 billion available nationally by competition. All selected applicants will be notified by December 1, 2009. Once the funds are received, 50% must be used within 2 years, and 100% in 3 years. There are no expenditures to date as this grant has not yet received funding.

Homelessness Prevention and Rapid Re-Housing Program (HPRP) - $12,197,108 (by formula)
HUD granted HPRP funding by formula. Eligible uses include financial assistance, housing relocation and stabilization services, data collection and evaluation, as well as administration. There is a 5% administrative cap on the use of HPRP funds.

Applying for the Funds: HUD released a HPRP formula funding Notice on March 19, 2009. The CDC completed the application and the Board approved submittal to HUD at the April 28, 2009 meeting. The CDC submitted a completed application to HUD on May 18, 2009, and was subsequently approved in June. A grant agreement is expected to be executed by September 1, 2009.

Using the Funds: The CDC has been working with the Chief Executive Office, the Departments of Public Social Service, Community and Senior Services, Children and Family Services, Consumer Affairs, and the Los Angeles Homeless Services Authority, to develop a list of funding activities and service priorities. The Board was scheduled to review projects on July 7, 2009, but due to recent project developments, the item has been postponed until August 4, 2009.

Funding & Expenditure Levels: Of the $1.5 billion made available nationally, HUD granted $12.1 million by formula to the CDC. Once received, 60% of the funds must be used within 2 years, and 100% in 3 years. There are no expenditures to date as this program has not begun.

Green Retrofit Program for Multifamily Housing - (Of the total $2 billion available, the HACoLA has applied for $2.26 million.)
HUD will award funding for the Green Retrofit Program for Multifamily Housing through loans and grants. Up to $15,000 is available for each residential unit (with an expected average of $10,000 for each unit) to reduce energy costs (more efficient heating and cooling systems) and water use (low-flow faucets and toilets). Also, funds can be used to improve indoor environmental quality (low-VOC products), and provide other environmental benefits (materials with recycled content, such as reflective roofing to reduce heat-island affects). There is no administrative cap.

Applying for the Funds: HUD released a competitive funding Notice on the Green Retrofit Program for Multifamily Housing on May 13, 2009. On June 15, 2009, the HACoLA submitted 2 applications, one for funding for the Kings Road site requesting $1.06 million, and one for funding for the Lancaster Homes site requesting $1.2 million. Unfortunately, due to the issues associated with the Ujima Village site, these County applications have been "flagged" by HUD and cannot proceed further. HACoLA is working with the HUD Washington, D.C. office to obtain a clearance for each application, as the history of Ujima Village has no bearing on the status of the Lancaster Homes and Kings Road sites.

Using the Funds: The HACoLA plans to pursue funding for the modernization and rehabilitation of the Kings Road and Lancaster Homes developments.

Funding & Expenditure Levels: Of the $250 million made available nationally by competition, the HACoLA applied for $2.26 million. If granted funding, HUD will begin obligating funds by September, 2009. The HACoLA expects to begin making improvements immediately following, as all work must be completed within 2 years. There are no expenditures to date as this grant has not yet received funding.

Juvenile Justice and Crime Prevention Act Program (JJCPA)/Edward Byrne Memorial Competitive Grant Program - (Of the total $225 million available, the CDC has applied for $974,283.)

The U.S. Department of Labor (DOL) will grant Edward Byrne Memorial Competitive Grant Program funding by competition. This funding is available to aid state, local, and tribal jurisdictions in improving the criminal justice system, providing support to victims of crime (other than by compensation), and supporting communities in preventing drug abuse, as well as crime. In addition, ARRA allows Byrne Memorial Competitive Grant funding for "youth mentoring grants." The CDC seeks a 10% administrative allowance.

Applying for the Funds: The CDC submitted an application on April 27, 2009, and may be 1 of several County Departments applying for these funds.

Using the Funds: If awarded, the funds will be used to support existing JJCPA programs.

Funding & Expenditure Levels: Of the $225 million made available nationally by competition, the CDC has applied for $974,283. There are no expenditures to date as this program has not yet received funding.

If you have any questions, please contact me at (323) 890-7400, or Terry Gonzalez, Director, CDBG Division, at (323) 890-7150.

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