

## REPORT TO CITY COUNCIL

**DATE: JUNE 27, 2007**

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: GREG RAMIREZ, CITY MANAGER**

**BY: MIKE KAMINO, DIRECTOR OF PLANNING AND COMMUNITY DEVELOPMENT**

**SUBJECT: CONDUCT A PUBLIC HEARING AND APPROVE RESOLUTION NOS. 07-1454 AND 07-1455, AGREEING TO EXCHANGE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS WITH THE CITY OF LAWDALE AND THE CITY OF SAN MARINO FOR GENERAL FUNDS**

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The request before the City Council is to conduct a public hearing to consider approval of the attached Resolution Nos. 07-1454 and 07-1455, agreeing to exchange the City's Community Development Block Grant (CDBG) funds with the City of Lawndale and the City of San Marino for general funds. The County of Los Angeles Community Development Commission requires that any allocation of CDBG funds be conducted at a public hearing.

On January 10, 2007, and on May 23, 2007, the City Council considered the City's options for use of CDBG funds during Fiscal Year 2007-2008, which totaled \$94,193. At that time, staff and the Affordable Housing Committee had requested the City Council consider exchanging the CDBG funds for general funds, as is allowed by the Los Angeles County Community Development Commission (CDC). The City has exchanged CDBG funds on two other occasions. It was noted that the exchange of the CDBG funds to general funds would release the City from any regulatory oversight from the CDC, including staff's time and costs in administering and monitoring the programs. The general funds can be used for any purpose the City chooses.

During their discussions on this issue, the City Council directed staff to pursue such an exchange of funds since 25% of the total funds are used annually for administrative and consultant costs, and only 15% of the funds can be used for the Senior Citizen Recreation Program. Also, the Single Family Residential Rehabilitation Program has a loan budget of less than \$58,000, which potentially allows for a maximum of only three recipients per year with maximum loan amounts of \$25,000. The City's Single-Family Residential Rehabilitation program can continue next fiscal year with Redevelopment Housing Set-Aside funds, \$250,000 of which was allocated for this current fiscal year's program.

As was discussed in May of 2007 by the City Council, staff has obtained offers from two cities for purchase of our CDBG funds. One offer is for purchase of our entire fiscal year 2007-2008 allocation of \$94,193 at an exchange rate of 59%, which would equate to \$55,573 of general

funds. The second offer is for purchase of \$60,000 of the City's existing \$97,314 of unallocated funds, which were rolled over from previous years, at an exchange rate of 50%. This exchange would equate to \$30,000 of general funds. Both offers can be accepted through the attached separate agreements. These agreements have been approved as to form by the City Attorney and the two Cities.

If the agreements are approved by the City Council, the Single-Family Housing Rehabilitation Program is budgeted to continue during the next fiscal year with RDA funds, and the Senior Citizen Recreation Program is budgeted to continue with general funds.

### **RECOMMENDATION**

Staff recommends the City Council conduct a public hearing and approve Resolution Nos. 07-1454 and 07-1455, agreeing to exchange Community Development Block Grant (CDBG) funds with the City of Lawndale and the City of San Marino for general funds.

Attachments:     Resolution No. 07-1454 (and attached Agreement with City of Lawndale)  
                      Resolution No. 07-1455 (and attached Agreement with City of San Marino)