

Introduction

Los Angeles County is an entitlement recipient for HUD's Community Development Block Grant (CDBG) program. It receives CDBG funds annually that it can use for a variety of housing and community development projects. The Community Development Commission (CDC) of Los Angeles County administers the CDBG program for the County.

New CDBG Funds for 2006–2007 Program Year

The new Program Year (2006–2007) will begin on July 1, 2006. Total CDBG funds available in 2006–2007 is \$55,221,668, comprised of \$30,877,261 in new allocation, \$5,000,000 in program income, \$18,935,277 in prior year's funds, and \$399,130 in funds allocated to the City of Cerritos.

The City of Cerritos is a voluntary joint applicant with the County of Los Angeles for Urban County funding. In the past, the City has exchanged its funding with another jurisdiction participating in the Urban County program and, as a result, has not used its funds. The City of Cerritos will again exchange its funds for the 2006–2007 program year.

USE OF CDBG FUNDS

CDBG funds will be used for a variety of housing and community development activities that will benefit low- and moderate-income persons. The activities described in the listing of proposed projects, located in Volume II of this Annual Action Plan, account for all CDBG funds.

Eligible Activities

The CDBG program can fund a variety of community development activities, including the following:

1. CDBG administration
2. Planning
3. Infrastructure (i.e. water and sewer lines, storm drain systems, road improvements, and curb gutters).
4. Housing rehabilitation
5. Down payment or closing costs
6. Assistance in the prevention of homelessness
7. Temporary housing
8. Public services (i.e. youth and elderly services, and services for persons with disabilities or are affected by HIV/AIDS).

9. Fair housing
10. Employment training
11. Business loans
12. Commercial rehabilitation
13. Extension of infrastructure to businesses
14. Demolition and clearance
15. Neighborhood clean-up
16. Elimination of lead-based paint

Program Income

The projected amount of 2005–2006 CDBG program income is \$5,000,000. All funds will be reprogrammed to 2006-2007 County activities. The County does not have any urban renewal projects. Therefore, no surplus funds will be generated from urban renewal settlements.

It is not known at this time whether any grant funds must be returned to the line of credit because the County financial records are not closed until 90 days after the end of the fiscal year, which is September 30, 2006. Returned grant funds are not expected. However, if there are returned grant funds, this Action Plan will be revised to reflect the new use of the returned funds.

Float Funded Activities

The County's Float Loan Program provides short-term, interest-only financing for projects that promote economic, community and housing development in Los Angeles County. County Float Loan Program proceeds may be used for equipment/machinery, property acquisition, construction or renovation, tenant improvements, working capital and infrastructure. The County Float Loan Program may provide financing for eligible County projects, such as infrastructure improvements. The County Float Loan Program is available to private and nonprofit entities, jurisdictions, redevelopment agencies and government agencies located in Los Angeles County. Project activities must meet the program eligibility requirements of the CDBG program [24 CFR 570.301].

Loan amounts range from \$1 million to \$10 million, depending on the availability of funds in the County's line of credit. Interest rates for the County Float Loan Program will be priced according to the requirements of the project and prevailing market conditions. In general, the rate will be below prime. In lieu of an interest charge, a one percent per annum administrative fee will be charged when funds are used by a County agency or department. The term for County Float Loan Program financing is two years and six months. An extension of a repayment period, for an additional two years and six months, shall be considered a new activity, and will be implemented subject to the requirements that apply to a new activity.

For private and nonprofit entities, jurisdictions, redevelopment agencies and government agencies, the County Float Loan Program requires a AA rated, direct pay, irrevocable, callable on demand Letter of Credit. Financing for County departments may be secured by an irrevocable pledge by the County of Los Angeles, as authorized by the Board of Supervisors, to transfer general local government funds in the full amount of the financing, including interest or administrative fees, within 30 days of call.

All financing made through the County Float Loan Program is subject to final approval by the Board of Supervisors/Commission of Los Angeles County.

The current Float-Funded activities and the estimated total amount of program income generated by these activities, as of March 2006, are shown in Table 4-1.

Table 4-1
Income from Float-Funded Activities

Project # Name Location Description Loan Start Date	Accomplishments/ Jobs Benefit and/or Services to Low and Moderate Income Persons	Loan Amount	Estimated Program Income FY 2006- 2007	Total Estimated Program Income	Period that Activity is Expected to Generate Program Income
Project #600709-03 Name: City of Carson Location: 701 E. Carson Street, Carson, CA 90749 Description: Redevelopment Agency Loan Start Date: 6/04	Jobs Req.: 144 Jobs Verified FTE: 186 as of 3/6/06	\$5,000,000	\$72,912	\$312,500	2.5 years
Project #600785-04 & Project #600769-04 Name: Community Development Commission of the County of Los Angeles Location: 2 Coral Circle, Monterey Park, CA 91755 Description: Redevelopment Agency Loan Start Date: 10/04	Area wide benefit (Slums or blight)	\$1,500,000	\$8,000	\$30,750	2.5 years
Project #600633, #600691, #600690, #600693, #600993 Name: Housing Authority Location: 2 Coral Circle, Monterey Park, CA 91755 Description: Redevelopment Agency Loan Start Date: 5/05	Area wide benefit	\$6,200,000	\$62,000	\$155,000	2.5 Years