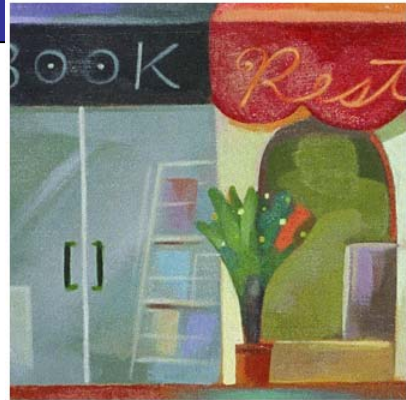


Section Two: CDBG Narratives



INTRODUCTION

NEW CDBG FUNDS FOR 2003–2004 PROGRAM YEAR

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 2003–2004 Program Year

The new Program Year (2003–2004) will begin on July 1, 2003. Total CDBG funds available in 2003–2004 is \$61,735,965, comprised of \$37,233,041 in new allocation, \$264,041 in reallocated CDBG funds, \$4,000,000 in program income, \$19,757,883 in prior year's funds, and \$481,000 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 2003–2004 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 Section Five 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:
 - Water and sewer lines
 - Storm drain systems
 - Road improvements
 - Youth and senior centers
 - Parks

- Curbs and gutters
- 4. Housing rehabilitation
- 5. Down payment or closing costs
- 6. Assistance in the prevention of homelessness
- 7. Temporary housing
- 8. Public services
 - Youth facilities
 - Elderly services
 - Persons disabled
 - Persons 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 2002–2003 CDBG program income is \$4,000,000. All funds will be reprogrammed to 2003-2004 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, 2004. 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 functions as an interim financing procedure whereby CDBG funds assist activities that are expected to generate program income in time to carry out other activities. The premise of the program is that the latter activities do not require funds immediately and that the Urban County's letter of credit contains a balance or "float" that can be used on a temporary basis.

The overriding purpose of the County’s Float Loan program is to provide short-term loans that expand economic opportunities through: the elimination of slums and blight; through the provision of goods and services to low- and moderate-income persons; or through the creation or retention of jobs. Loans are available to private, for-profit businesses for construction, acquisition, working capital, machinery and equipment, and other essential economic development needs.

Loans are also available for planned public facilities and improvements. Projects and loans may range from \$100,000 to \$25,000,000, based on available authority. Priority is given to economic development projects located in the County’s unincorporated areas and participating cities.

An activity financed under the float concept is treated like any other CDBG assisted activity. As a result, it is subject to all the laws, rules, regulations and guidelines established by HUD regarding loans and the use of CDBG funds. Among the requirements, and to ensure the viability of these loans, the County requires that, as security, borrowers provide an irrevocable, direct pay AA letter of Credit, callable upon demand from a financial institution.

The current Float-Funded activities and the estimated total amount of program income generated by these activities, as of April 2003, 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 2002- 2003	Total Estimated Program Income	Dates Activity is Expected to Generate Program Income
Project #600423-02 Name: Saint Gobain Containers, Inc. Location: 4000 Arden Drive El Monte, CA 91731 Description: Glass Manufacturing Loan Start Date: 11/02/02	Jobs Req.: 198 Jobs Verified FTE: 198	\$6,930,000	\$0	\$519,750	2.5 years
Project #600396-02 Name: San Fernando Redevelopment Agency Location: 117 Macneil Street, San Fernando, CA 91340 Description: Redevelopment Agency Loan Start Date: 9/02	Jobs Req.: 85 Jobs Verified FTE: 130	\$3,000,000	\$0	\$600,000	5 years