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Item No.: 6

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

*Report from the
CAO*

Date: June 27, 2012

CAO File No. 0220-00540-0995
Council File No. 11-1190
Council District: Various *EA*

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Los Angeles Housing Department Transmittal dated June 6, 2012; Received by the City Administrative Officer on June 13, 2012; Additional Information Received through June 19, 2012

Subject: **REQUEST FOR APPROVAL OF VARIOUS CONTRACTING AND FISCAL AUTHORITIES FOR THE IMPLEMENTATION OF THE NEIGHBORHOOD STABILIZATION PROGRAM GRANTS**

SUMMARY

The Los Angeles Housing Department (LAHD) requests approval of an application for a substantial amendment as well as various contracting and fiscal authorities associated with the implementation of the Neighborhood Stabilization Program (NSP2) grant award of approximately \$100 million from the U.S. Department of Housing and Urban Development (HUD). In June 2010 the Council and Mayor authorized LAHD to accept the NSP2 grant award authorized under the American Recovery and Reinvestment Act of 2009 on a competitive basis. (C.F. 10-0799). The City has also received approximately \$32.9 million in NSP1 funds authorized through the Housing and Economic Recovery Act of 2008 as a formula grant and NSP3 funds totaling approximately \$9.9 million. The total amount of NSP funds awarded is approximately \$142.8 million; all NSP grant amounts must be expended by February 2014. LAHD also requests approval of various contracting authorities associated with the continued implementation of the NSP1 and NSP2 grants. This Office supports LAHD's recommendations.

A summary of the LAHD's requests and a brief discussion of each is as follows:

- Authority to apply for a substantial amendment relative to the NSP2 grant. The purpose of the substantial amendment is to add two census tracts to the currently approved 165 census tracts in order to add eligible areas where foreclosed properties can be acquired, rehabilitated and/or sold as part of the implementation of the NSP target areas. LAHD reports that such an amendment will require approval from HUD. The requested substantial amendment will help ensure that NSP funds, which must be spent by February 2014, can be expended on a timely basis and may include additional properties that can be improved using grant funds. The substantial amendment also will provide additional flexibility to implement the recommendations associated with the 2012 Affordable Housing Trust Fund Notice of Funding Availability Round 2 (C.F. 11-1920).
- Authority to amend the agreement with ICF Incorporated, LLC (C-117373; ICF) to add NSP2 funds in the amount of \$150,000 to the agreement. ICF provides evaluation and audit services

associated with the NSP2 grant. The new total agreement compensation is not to exceed \$350,000. The total agreement term will continue to be June 1, 2010 through May 31, 2013 for a total of 36 months. A detailed description of the ICF services associated with the requested amendment is provided as Attachment A to the LAHD Transmittal.

- Authority to amend the agreement with Barr & Clark (C-116844) to increase the compensation amount by \$100,000 (\$50,000 from NSP1 funds and \$50,000 from NSP2 funds). Barr & Clark provide lead inspection, lead abatement, project monitoring, maintenance planning and inspection reports relative to lead content. This additional NSP funding will increase the total agreement compensation amount to \$272,492. A detailed description of the Barr & Clark services associated with the requested amendment is provided as Attachment B to the LAHD Transmittal.
- Authority to amend the existing agreement with Gold Coast Appraisals (Gold Coast, C-116852) to add NSP2 funds in the amount of \$20,000 to the agreement. Gold Coast provides real estate appraisals based on a specific definition of market value approved by the LAHD and reports on history of comparable sales, describes all salient features of the property being appraised, reports on current revenues, expenses and vacancies for the property and identifies the effect of all zoning, easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances or other items of a similar nature that impact the property value. This technical expertise is needed to meet HUD requirements for the NSP2 grant. The LAHD is also requesting an extension of the existing contract for a new agreement term of January 1, 2012 through December 31, 2013 for a total of 24 months. This will allow for appraisal services to meet the remaining, foreseeable appraisal needs of the NSP Grants.
- Authority to amend the existing agreement with Restore Neighborhoods LA, Inc., (RNLA, C-115683) to revise various sections associated with the changes necessitated by the proposed substantial amendment and additional census tracts. Specifically, exhibits will be revised upon HUD approval of the substantial amendment detailing impacts on census tracts, timeline and performance measures such as the total number of units acquired, rehabilitated and sold and an informational budget to administer the NSP funding (current total: approximately \$2.3 million). RNLA will continue to acquire properties in order to restore foreclosed and/or abandoned properties to affordable homeownership and rental housing opportunities. No additional funds or time extensions are required for the contract.
- Authority to amend the existing agreement with the Department of Building and Safety (Agreement, LADBS). LAHD reports that due to the expedited NSP implementation timelines there is need for case management and liaison services from LADBS to help facilitate the completion of the rehabilitation of NSP-funded residential properties. The services provided by LADBS are in addition to normal plan check and inspection services. The LAHD indicates that the services provided by LADBS since 2011 have been satisfactory and have resulted in facilitating and expediting improvement projects relative to NSP (C.F. 11-0223). The existing Agreement identifies the specific services to be provided by LADBS to LAHD; the proposed amendment would increase compensation amounts to cover foreseeable needs through the NSP period and ensure full-cost recovery. Additional detail regarding the proposed amendment to the Agreement with LADBS can be found in Exhibit A to the LAHD Transmittal.

- Authority to transfer budgeted NSP1 and NSP2 administrative funds to LAHD for expenditure on LAHD salaries and expenses associated with administration of the NSP program within the 2012-13 Fiscal Year. The funds are consistent with those approved by the Council and Mayor relative to the 2012-13 Budget and reflect impact of the substantial amendment as well as the additional funds requested for the contracts and Agreement above.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the General Manager of the Los Angeles Housing Department (LAHD), or designee, to:
 - a. Submit and apply for a Substantial Amendment and any other required documents between the U.S. Department of Housing and Urban Development (HUD) and the City for technical amendment to the Neighborhood Stabilization Plan (NSP) to add two additional census tracts (Census Tracts # 187100 and 295101) to the NSP2 eligible target areas for grant activities under the terms of Funding Approval and Grant Agreement No. B-09-LN-CA-0046 between the City and HUD in the amount of \$100 million;
 - b. Execute the fourth amendment to the City's contract with ICF Incorporated, LLC, Contract No. C-117373, with the terms of the amendment described in Attachment A of the LAHD June 6, 2012 transmittal, to increase the contract amount by \$150,000 from NSP2 funds, from \$200,000 to a new total contract amount not to exceed \$350,000 for third-party auditing and consultant services, subject to the review and approval of the City Attorney as to form and compliance with the City's contracting requirements;
 - c. Execute the fourth amendment to the City's contract with Barr & Clark, Contract No. C-116844, with the terms of the amendment described in Attachment B of the LAHD June 6, 2012 transmittal, to increase the contract amount by \$100,000 (\$50,000 from NSP1 funds and \$50,000 from NSP2 funds), from \$172,492 to a new total contract amount not to exceed \$272,492 for inspection, environmental risk assessment and consultant services, subject to the review and approval of the City Attorney as to form and compliance with the City's contracting requirements;
 - d. Execute the third amendment to the City's contract with Gold Coast Appraisals, Contract No. C-116852, with the terms of the amendment described in Attachment C of the LAHD June 6, 2012 transmittal, to increase the contract amount by \$20,000 from NSP2 funds, from \$130,000 to a new total contract amount not to exceed \$150,000 for property appraisal services, and extend the time of performance by 12 additional months for a new expiration date of December 31, 2013, subject to the review and approval of the City Attorney as to form and compliance with the City's contracting requirements;
 - e. Execute the sixth amendment to the contract with Restore Neighborhoods LA, Inc., Contract No. C-115683 to include the following provisions without increase to the contract amount, subject to the review and approval of the City Attorney as to form and compliance with the City's contracting requirements:
 - i. Amend Exhibit F, entitled "Applicable Census Tracts and Block Groups" to include all NSP-eligible target areas authorized by the Mayor and Council;

- ii. Amend Exhibit G, entitled "Timeline and Performance Measures" to add the number of units consistent with all NSP funding allocations; and,
 - iii. Amend Exhibit H, entitled "Administrative Budget" to amend the existing administrative budget amounts for NSP1, NSP2 and NSP3 to include the operating budget for informational purposes.
2. Authorize the General Manager, LAHD, and the General Manager of the Los Angeles Department of Building and Safety (LADBS), execute an Amendment to the Letter of Agreement between the departments to increase the amount by \$332,144 (from \$249,108 to \$581,252) to reflect compensation in Fiscal Year 2012-13 described in Attachment D of the LAHD June 6, 2012 transmittal, to reimburse LADBS for the provision of services for projects funded through the NSP that are beyond the typical services provided for LADBS public counter engineering and inspections fees, subject to the review and approval of the City Attorney as to form and compliance with the City's contracting requirements;

3. Authorize the Controller to:

- a. Establish a new account within NSP- ARRA Grant Fund 52J, Dept 43 as follows:

<u>Account</u>	<u>Account Name</u>
43J245	Professional Services Contracts

- b. Transfer appropriations within NSP - ARRA Grant Fund 52J, Department 43 as follows:

Transfer from:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
43E818	NSP Program Operations	\$50,000
43E820	NSP Program Administration	140,625
	TOTAL	\$190,625

Transfer to:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
43F844	Technical Services	\$50,000
43J245	Professional Services Contracts	140,625
	TOTAL	\$190,625

- c. Expend funds on an as-needed basis in an amount not to exceed \$140,625 in NSP Grant Fund 50T, Department 43, Account J245, Professional Services Contracts, for computer programming services authorized in C.F. 11-1963 to develop and maintain database and website management systems upon proper written demand by the General Manager, LAHD, or designee;
- d. Expend funds on an as-needed basis in an amount not to exceed \$50,000 in NSP Grant Fund 50T, Department 43, Account F844, Technical Services, upon proper written demand by the General Manager, LAHD, or designee;

e. Establish a new account within NSP- ARRA Grant Fund 52J, Dept 43 as follows:

<u>Account</u>	<u>Account Name</u>
43J245	Professional Services Contracts

f. Transfer appropriations within NSP - ARRA Grant Fund 52J, Department 43 as follows:

Transfer from:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
43F304	Admin Reserve	\$336,500
43F868	<u>NSP2/ARRA Program Operation</u>	<u>70,000</u>
	TOTAL	\$406,500

Transfer to:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
43J844	Technical Services	\$70,000
43G245	<u>NSP II Professional Services Contracts</u>	<u>336,500</u>
	TOTAL	\$406,500

g. Expend funds on an as-needed basis in an amount not to exceed \$406,500 in NSP- ARRA Grant Fund 52J, Department 43 upon proper written demand by the General Manager, LAHD, or designee, as follows:

i. Amount not to exceed \$50,000 in NSP – ARRA Grant Fund 52J, Department 43 Account J844, Technical Services, for Contract C-116844 for inspection, environmental risk assessment and consultant services described in Recommendation 1c above;

ii. Amount not to exceed \$20,000 in NSP – ARRA Grant Fund 52J, Department 43 Account J844, Technical Services, for C-116852 for property appraisal services described in Recommendation 1d above;

iii. Amount not to exceed \$150,000 in NSP – ARRA Grant Fund 52J, Department 43 Account G245, Professional Services Contracts, for Contract C-117373 for third party auditing and consultant services described in Recommendation 1b above; and,

iv. Amount not to exceed \$186,500 in NSP – ARRA Grant Fund 52J, Department 43 Account G245, Professional Services Contracts, for computer programming services that were authorized in C.F. 11-1963 to develop and maintain database and website management systems.

h. Establish new accounts within Fund 52J as follows:

<u>Account No.</u>	<u>Account Name</u>
43J108	Building and Safety
43J299	Related Costs

i. Transfer appropriations within NSP – ARRA Grant Fund 52J, Department 43 as follows:

Transfer from:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
43F304	Admin Reserve	\$332,144

Transfer to:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
43J108	Building and Safety	\$202,131
43J299	<u>Related Costs</u>	<u>130,013</u>
	TOTAL	\$332,144

- j. Expend funds on an as-needed basis in an amount not to exceed \$332,144.00 from the above funds and accounts in NSP – ARRA Grant Fund 52J, Department 43 upon the proper written demand by the General Manager, LAHD, or designee;
- k. Increase appropriations within General Fund 100/08 for Budget Fiscal Year 2012-13 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries	\$200,451
<u>3310</u>	<u>Transportation</u>	<u>1,680</u>
	TOTAL	\$202,131

4. Authorize the General Managers of LAHD and/or LADBS, or their designees, to prepare Controller instructions and make any necessary technical adjustments that are consistent with the Mayor and Council action on this item, subject to the approval of the City Administrative Officer, and authorize the Controller to implement those instructions.

FISCAL IMPACT STATEMENT

Approval of these recommendations will authorize LAHD to begin program implementation associated with the Substantial Amendment relative to the Neighborhood Stabilization Program (NSP) Action Plan. The recommendations also provide various contracting authorities associated with the continued implementation of the NSP1 and NSP2 grants. These recommendations comply with the City's Financial Policies in that sufficient funds are available to pay for the requested authorities included in this report.