

HOUSING COMMITTEE REPORT relative to the Neighborhood Stabilization Program (NSP), amending the contract with Restore Neighborhood L.A., Inc. (RNLA), and extending temporary authority for two program positions.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the General Manager, Los Angeles Housing and Community Investment Department (HCIDLA), or designee, to:

- a. Submit for a Substantial Amendment, and any other required documents between the U.S. Department of Housing and Urban Development and the City, for technical amendment to the NSP3 Action Plan to add one additional census tract (Census Tract No. 239202) to the NSP3 eligible target areas for grant activities under the terms of Funding Approval and Grant Agreement No. B-11-MN-06-0512.
- b. Amend the loan agreement with Hollywood Community Housing Corporation in the amount of \$1,200,000 in Community Development Block Grant funds for the purchase of the Angelus Funeral Home (Contract No. C-126859), by extending the loan term from 20 years to 55 years, subject to approval of the City Attorney as to form and legality.
- c. Amend the loan agreement with Florence Morehouse, L.P. (Loan No. 920432-002), increasing the loan amount by \$1,000,000 in NSP1 funds for acquisition/rehabilitation of the Florence Morehouse Apartments.
- d. De-obligate funds for the previously approved Affordable Housing Trust Fund Pipeline project, as follows:

<u>Project</u>	<u>Fund</u>	<u>Account Title</u>	<u>Amount</u>
Angelus Funeral Home (AKA Paul Williams)	561/43	43M008 AHTF	\$1,866,260.19
	561/43	43M010 AHTF-PY	<u>933,739.81</u>
		Total:	\$2,800,000.00

- e. Negotiate and execute the tenth amendment to the existing professional services agreement with RNLA (Contract No. C-115683), for continued work relating to project development, program wind-down, audits and program closeout, subject to the approval of the City Attorney as to form and legality, to include the following provisions:
  - i. Extend the contract termination date from February 28, 2016 to June 30, 2019.
  - ii. Re-allocate the current contract authority balance of \$825,597 as indicated in Table Two in the HCIDLA report to Council dated November 18, 2016, in order to align the remaining contract authority with the actual location of the remaining 11 lots in development.

- iii. Increase the amount of the RNLA sub-recipient contract (No. C-115683) by \$11,230 of NSP1 funds which will increase the total amount of the contract from \$140,811,916 to an amount not to exceed \$140,823,146; the \$11,230 will be for eligible administrative expenses, such as, program office relocation, planning, reporting, evaluation, marketing, audits and related staff time.
- iv. Allow RNLA to borrow private funds for the construction and completion of the last remaining 11 lots, including allowing RNLA to encumber the lots with promissory notes necessary by third-party construction financing.
- v. Amend the Municipal Housing Finance Fund (MHFF) Loan to extend the maturity date from February 28, 2016 to June 30, 2019, to align with the extended RNLA contract termination date (listed above) and associated administrative activity, and to amend MHFF repayment term date from 45 days after the contract termination date to 180 days after the contract termination date, to allow for the completion of administrative and other related accounting functions.
- vi. Authorize technical adjustments and amend the MHFF Grant of \$55,000 to allow reimbursement for NSP related administrative expenses incurred but ineligible for Grant reimbursement, including, but not limited to, permit fees, legal settlement costs, back taxes with imposed penalties, and other pre-existing delinquencies (Council File Nos. 07-2438- S8, 10-0685 and 11-0223).

2. RESOLVE that the authority for the following exempt positions is APPROVED and CONFIRMED, pursuant to Los Angeles City Charter Section 1001, through June 30, 2020, in the HCIDLA for continued NSP grant activities:

<u>Number</u>	<u>Class Code</u>	<u>Title</u>
1	9184-2	Management Analyst II
1	1513-2	Accountant II - as needed

3. AUTHORIZE the Controller to:

- a. Establish new accounts and increase appropriations within the Neighborhood Stabilization Program Fund No. 50T, as follows:

<u>Account</u>	<u>Title</u>	<u>Amount</u>
43E820	NSP Program	\$24,289.17
43N467	Slauson and Wall	16,942.00
43N805	Beverly Terrace	1,000,000.00
43N806	NSP HCID Program Delivery	40,900.08
43N807	Florence Morehouse	<u>1,000,000.00</u>
Total:		\$2,082,131.25

- b. Decrease appropriations within the Neighborhood Stabilization Program Fund No. 50T, as follows:

<u>Account Title</u>	<u>Amount</u>
43E818 NSP Program Operation	(\$1,868,480.35)
43L143 Housing	(1,137.00)
43M112 City Attorney	(75,203.70)
43M143 Housing	(24,628.29)
43M299 Reimbursements to General Fund	(3,439.53)
43N112 City Attorney	<u>(66,937.00)</u>
Total:	(\$2,039,825.87)

- c. Establish new accounts and increase appropriations within the ARRA- Neighborhood Stabilization Program 2 Fund No. 52J, as follows:

<u>Account Title</u>	<u>Amount</u>
43F830 NSP 2 ARRA Program Adm	\$1,303.24
43N112 City Attorney	10,000.00
43N467 Slauson and Wall	1,011,045.00
43N501 Admin Reserve	17,791.79
43N806 NSP HCID Program Delivery	100,00.00
43N808 Corridor Projects	500,000.00
43N809 Angeles AKA Paul Williams	<u>2,800,000.00</u>
Total:	\$4,440,140.03

- d. Decrease appropriations within the ARRA-Neighborhood Stabilization Program 2 Fund No. 52J, as follows:

<u>Account Title</u>	<u>Amount</u>
43F868 NSP 2/ARRA Program	(\$4,328,077.31)
43L143 Housing	<u>(3,274.01)</u>
Total:	(\$4,331,351.32)

- e. Establish new accounts and increase appropriation within the Neighborhood Stabilization Program 3 Fund No. 53T, as follows:

<u>Account Title</u>	<u>Amount</u>
43N112 City Attorney	\$10,000.00
43N467 Slauson and Wall	2,216,072.00
43N501 Admin Reserve	23,415.44
43N806 NSP HCID Program Delivery	<u>174,877.15</u>
Total:	\$2,424,364.59

- f. Decrease appropriations within the Neighborhood Stabilization Program 3 Fund No. 53T, as follows:

<u>Account Title</u>	<u>Amount</u>
43G818 Program Operation	(\$2,399,989.78)
43M143 Housing	(204,341.76)
43M299 Reimbursements to General Fund	<u>(82,835.26)</u>
	Total: (\$2,687,166.80)

g. Decrease appropriations within Fund No. 100/12 Account No. 001010 Salaries in the amount of \$46,937.

4. AUTHORIZE the General Manager, HCIDLA, or designee, to prepare Controller instructions and make any necessary technical adjustments that are consistent with this action, subject to the approval of the City Administrative Officer (CAO); and, AUTHORIZE the Controller to implement those instructions.
5. DIRECT the HCIDLA to report back in 90 days relative to the achievements and performance of the NSP and RNLA, including the rationale, need, and proposed responsibilities/functions for a supporting organization to the Department.
6. DIRECT the CAO to report to Council relative to the above recommendations.

Fiscal Impact Statement: The HCIDLA reports that this action will not impact the General Fund.

Community Impact Statement: None submitted.

**(Personnel and Animal Welfare Committee waived consideration of the above matter)**

#### SUMMARY

In a report to the Mayor dated November 18, 2016, HCIDLA requests approval of various administrative and RNLA-related actions. HCIDLA reports that since 2009, RNLA has implemented the NSP grant to reduce the number of foreclosed and/or vacant properties in order to improve and stabilize neighborhoods most impacted by foreclosures in the City of Los Angeles. In total, RNLA has been involved in grant activities in the amount of \$140 million in NSP funds for the restoration and/or redevelopment of 880 affordable housing units, previously vacant and/or abandoned foreclosed properties in severe disrepair.

HCIDLA goes on to report that although the majority of NSP grant funds have been expended, there remains work to be completed until at least June 30, 2020. Activities will include expenditure oversight of \$10.2 million in remaining NSP Grant funds, project management of the Slauson and Wall project and administrative work relating to program close-out, among other tasks.

At its meeting held December 7, 2016, the Housing Committee discussed this matter with HCIDLA staff. Committee recommended that Council approve the Department's recommendations, as amended to direct HCIDLA to report relative to the close-out activities of the NSP and RNLA, and to direct the CAO to report relative to HCIDLA's report recommendations.

Respectfully Submitted,

HOUSING COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES <i>Cedillo</i>
KORETZ:	YES
HUIZAR:	ABSENT
PRICE:	ABSENT
HARRIS-DAWSON:	YES

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**