

11-0762

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*Via Hand Delivery*

December 16, 2011

Los Angeles City Council  
200 North Spring Street  
Los Angeles CA 90012

**RE: Neighborhood Stabilization Program Funds; Council File Number 11-2106**

To the Honorable Councilmembers:

As you consider moving \$109,462,936 of the \$142.7 million in HUD funding provided to stabilize housing in Los Angeles, it is important to remember your duty to affirmatively further fair housing as mandated by the Fair Housing Act, 42 USC §3608(e)(5). This section requires recipients to provide, within constitutional limits, for fair housing. When Los Angeles took this federal money, a certification form was submitted wherein it was agreed our City would affirmatively further fair housing [*see* 24 C.F.R. § 570.601(a)(2)].

In comments submitted by your Housing Department dated May 26, 2011 expressing concerns with the proposed Community Care Facilities proposed ordinance [CF 11-0262] it was stated the boarding house provisions would adversely affect LAHD's NSP plans:

**LAHD's NSP Plans:** Some NSP properties will be used to house veterans, seniors and the disabled in single family homes for the purposes of group homes, veteran housing, and special needs housing. (See attached zone map where NSP target area overlap with RD, R1 and R2 zones particularly in CD 6, 7, 8, 9, 10, 14, and 15).

Non-profit providers have approached the LAHD to use some of the NSP properties for special needs populations, in particular in council districts 6, 7 and South Los Angeles areas.

Other major legal obligations that affect the NSP remain unaddressed in the final draft Community Care Facilities proposed ordinance. LAHD's complete analysis is attached. Community Care affirmatively limits fair housing and jeopardizes all of your HUD funds. You are urged to carefully consider the human and funding impact of Community Care.

Respectfully,

**PDM**

Paul Dumont

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11-2106

DEC 13 2011

# MOTION HOUSING COMM & ECON. DEVELOP.

The City's Neighborhood Stabilization Program (NSP) is funded by a federal grant for foreclosure related activities performed by the Los Angeles Housing Department (LAHD) to create significant changes in neighborhoods of greatest need. To date, the U.S. Department of Housing and Urban Development (HUD) has awarded the City three NSP grants for a combined total of \$142.7 million. NSP grant funds are utilized to provide: soft-second loans to eligible homebuyers to purchase homes; acquiring and rehabilitating foreclosed-upon single family homes and multifamily properties; and, redeveloping demolished or vacant properties. All funds are exclusively for foreclosures that are acquired in bulk and located only in the census tracts of greatest need as approved by HUD, also referred to as the City's NSP target areas. All NSP activities must benefit individuals at or below 120 percent of area median income.

All grant requirements and performance measures are described in the NSP Action Plans that have been approved by the Mayor, Council and HUD (C.F. 07-2438-S8, 10-0799 & 11-0223). All grant program activities have been approved for its potential to contribute to safe and livable neighborhoods upon completion of rehabilitation or reconstruction.

To ensure that NSP funds have immediate impact in communities, HUD requires for the City to expend all grant funds under a milestone schedule, including but not limited to: at least \$50 million in NSP2 Funds by February 11, 2012 as the next major milestone; and, at least \$100 million in NSP2 funds by February 11, 2013.

In February 2009, the Council adopted an action (CF 07-2438-S8) instructing the LAHD to execute an agreement with Restore Neighborhoods LA, Inc. (RNLA) as a grant sub-recipient to implement the City's NSP. Several NSP rehabilitation projects are managed by RNLA, which will concurrently be in construction until the end of the NSP grant. The rehabilitation needs of all NSP-funded properties will result in a high volume of grant-funded expenses and high demand for resources to complete NSP grant requirements.

RNLA is a non-profit property holding company formed solely for the purpose of carrying out the City's NSP program. RNLA's only source of operating revenue is NSP grant funds. As such, LAHD's agreement with RNLA provides for an allocation of NSP grant funds for administrative and property-related costs.

In order to effectively meet the NSP performance goals and expenditure milestone schedule, it is necessary to execute an amendment to the existing agreement with RNLA to ensure continued implementation of the City's NSP.

I THEREFORE MOVE that the Council, subject to the approval of the Mayor, authorize the General Manager of the LAHD, or designee, to execute an amendment to the Professional Services and Rehabilitation Agreement with RNLA (Contract No. C-115683) to increase the contract amount by \$26,616,624, from \$82,846,312 to a new total contract amount not to exceed \$109,462,936 to carry out the continued implementation of the City's NSP, subject to the review and approval of the City Attorney as to form.

Presented by: Tony Cardenas  
TONY CARDENAS  
Councilmember, 6<sup>th</sup> District

Seconded by: [Signature]



DEC 13 2011

84



LAHD  
 Items regulated by Ordinance

Impact

Community Care Facilities Proposed Ordinance  
 LAHD's Concerns w/ Requirements

Notes for Concerns

Recommendations

|   |  |   |  |  |
|---|--|---|--|--|
| <p>I. Bring LA Municipal Code into conformance with Community Care Facilities Act of 1973</p> | <p>1. Creates definition and mechanism for regulating licensed facilities serving 7 or more residents (previously undefined) that regulate State licensed homes (i.e., Community Care Facilities, Alcohol and Drug Program and Residential Care Facility for the Elderly).</p> <p>2. Licensed Facilities serving 6 or fewer residents cannot be regulated by localities and must be permitted by right in all zones.</p> | <p>1. None</p> <p>2. N/A</p>  | <p>1. Helps the City regulate licensed facilities serving 7 or more residents which was previously undefined.</p> <p>2. N/A</p>  |  |
| <p>A. Land Use regulation for licensed facilities serving 7 or more residents</p>             | <p>1. Facilities will be defined as "public benefit" and allowed in all zones however:</p> <p>2. They will be recorded with a covenant with DCP.</p> <p>3. Upon recording of a covenant they will be subject to performance standards.</p> <p>4. Notification will be sent to abutting Neighbors, NCs and CDs about new land use in area and information on performance standards so they can watch</p>                  | <p>1. N/A</p> <p>2. Data collected regarding covenants recorded and revoked.</p> <p>-Data on covenants recorded and revoked is to be shared and reviewed between LAHD and DCP</p> <p>3. Enforcement entity of performance standards is unclear.</p> <p>4. Enforcement may subject residents to unintended consequences such as discrimination, harassment and privacy concerns.</p> | <p>1. N/A</p> <p>2. For evaluation purposes that can be subject to review later.</p> <p>3. HIPAA, Privacy Rights, Confidentiality Agreements, Appeals process for revoked covenants.</p> <p>4. The Americans with Disabilities Act (ADA) prohibits discrimination against people with disabilities in public accommodation. The Fair Housing Act</p> | <p>2. Data (i.e., names and address of properties, population served, owner information, etc.) on covenants recorded/revoked should be collected on a regular basis, no less than annually by DCP and provided to LAHD. The proposed ordinance should have a 2-year revision clause and should be subject to review to determine impact. At that time, the City can decide to amend ordinance should the data collected indicate reasons to address negative impacts.</p> <p>3. LAHD requests City Attorney to provide response regarding any possible conflict with mentioned policies and laws.</p> <p>4. City Attorney and DCP, please address the following: Which entity will enforce this ordinance to ensure performance standards are met? If a "public benefit" facility falls to</p> |



| Items regulated by Ordinance  | Impact   | LAHD's Concerns w/ Requirements  | Notes for Concerns   | Recommendations  |
|---|--|--|--|--|
| <p>II. Preserve Single Family Neighborhood Character from transient housing types and <u>unlicensed</u> care facilities</p> | <p>for how to revoke that benefit</p> <p>1. Creates new definitions that redefine entire idea of owners and renters and where they may be located.</p> | <p>1. Goes above and beyond bringing municipal code into conformance with Community Care Facilities Act of 1973 by unnecessarily overreaching to regulate "bad apples" (e.g., Eighty occupants residing in a single-family home without lease agreements, who say they are a "family") which may produce unintended consequences.</p> <p>2. The new definitions and land uses to preserve single family neighborhood character is not stated in the Housing Element. Objective 1.2 (L).</p> <p>B. Nuisance abatement of problem properties is not mentioned in the Housing Element</p> | <p>(FHA) prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, one of the protected classes are disabled individuals.</p> <p>1. B&amp;S occupancy laws or Fire codes</p> <p>2. Ch 6 Housing Unit Design Policy 1.1.6 (c) Innovative Housing types.</p> <p>Objective 1.5 (E)(F) to Reduce regulatory and procedural barriers...</p> <p>Policy C, Goal 3 Housing Opportunities without discrimination, (D) Citywide fair Housing Program.</p> <p>Goal 4 and sections 4.1.6 (A)(B)(C) outline a commitment to house special needs individuals.</p> | <p>adequately meet the performance standards, will the facility cease to exist? Will the facility be revoked as a "public benefit"? Will there be an appeals process for revoking a public benefit?</p> <p>1. City Attorney please provide a response as to how our current occupancy and fire codes are currently enforced to prevent the issues DCP cited in the staff summary report.</p> <p>2. City Planning Department please describe how the proposed ordinance does not conflict with mentioned Housing Element policies, goals and objectives.</p> <p>A balanced approach needs to be found to meet the Housing Element's goals and objectives.</p> |



LAHD  
Items regulated by  
Ordinance

| Items regulated by Ordinance          | Impact   | LAHD's Concerns w/ Requirements   | Notes for Concerns  | Recommendations   |
|---------------------------------------|--|---|---|---|
| A. Define "Single Housekeeping Unit"  | 1. Defined as a household where members occupy a dwelling unit under no more than one oral or written lease. | <p>1. Impacts all populations who share housing under more than one lease including tenants, students, low income populations, PSH and Mental Health Services Act (MHSA) housing programs/projects.</p> <p>2. May impact transitional housing due to restriction to no more than one single written and oral lease agreement.</p> | <p>1. PSHP projects require Individual lease agreements for tenants to obtain housing in both Single and Multi-family buildings which include Section-8 Project-Based subsidies. A "family" can be considered as one-person under the PSHP Program <u>OR</u> according to the proposed ordinance a "family" is one or more persons living together in a dwelling unit as a single housekeeping unit.</p> <p>Federal Code § 982.616 - Shared housing: Lease and HAP contract states: "For assistance in a shared housing unit, there is a separate HAP contract and lease for each assisted family".</p> <p>MHSA Program Regulatory Agreement-California Code §2(hh): Each bedroom in shared housing developments are subject to a separate individual rental agreement.</p> <p>2. Due to program type, transitional housing projects may operate with only oral agreements, making enforcement difficult.</p> | <p>1. Ensure that local laws do not conflict with Federal and State regulations, but instead create a balance between all laws.</p> <p>2. City Attorney and DCP please describe the policy and/or enforcement procedures for this section of the ordinance.</p> |
| B. Define "Boarding or Rooming House" | 1. Defined as a facility where members occupy a dwelling unit under more than one oral or written lease.     | 1. Restricts power of tenants to create sublease agreements which may impact their ability to:<br>- Evict problem tenants<br>- Change members of their household without violating lease agreements   | 1. Impacts all groups who rely on sublease agreements esp. low income individuals from renting homes together such as students, seniors, disabled individuals, transitional housing individuals, formerly homeless  | 1. Allow multiple lease agreements in a single family home in RD, R1 and R2 zones. Consider housing situations involving single individuals or families with children.<br>e.g. City of Lompoc defines boarding  |



| Items regulated by Ordinance | Impact  | LAHD's Concerns w/ Requirements  | Notes for Concerns   | Recommendations   |
|------------------------------|---|--|--|---|
|                              | <p>2. Prohibit Boarding or Rooming house from low-density RD, R1 and R2 zones</p> | <p>a. This may have an impact on their credit rating and ability to rent housing in the future.</p> <p>2. PSHP, MHSA, NSP, non-licensed group homes housing the disabled and other programs are restricted to certain zones which may pose Fair Housing Act (FHA) concerns.</p> <p>a. Affects housing opportunities for properties outside of LAHD programs which serve disabled individuals (e.g. consumers of Regional Center Programs).</p> | <p>families and individuals.</p> <p>2. May lead to complaints regarding a violation of reasonable accommodations of FHA [§3604(g)(3)(b)]; by impacting all groups, the proposed ordinance may have a disparate impact on protected classes (According to Title VII of the Civil Rights Act of 1964).</p> <p>- Government Code 12955(l) states: "unlawful to discriminate through</p> | <p>house as more than 3 lease agreements. They are prohibited from R1 zones. Consider increasing "one" to "more than one."</p> <p>LAHD's NSP Plans: Some NSP properties will be used to house veterans, seniors and the disabled in single family homes for the purposes of group homes, veteran housing, and special needs housing. (See attached zone map where NSP target area overlap with RD, R1 and R2 zones particularly in CD 6, 7, 8, 9, 10, 14, and 15).</p> <p>Non-profit providers have approached the LAHD to use some of the NSP properties for special needs populations, in particular in council districts 6, 7 and South Los Angeles areas.</p> <p>2. City Attorney please provide legal opinion on these concerns.</p> |