

**HOUSING AUTHORITY OF THE CITY OF LOS ANGELES  
INTERDEPARTMENTAL MEMORANDUM**

Date: February 20, 2013

To: Honorable City Council  
c/o City Clerk, City Hall, Room 395

From: Douglas Guthrie, HACLA President and CEO



**Subject: Request for Payment in Lieu of Taxes (PILOT) Waiver for \$4.054 Million for City Programs and Recreational Services**

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**Summary**

The Housing Authority seeks authorization from the City of Los Angeles to waive Payment in Lieu of Taxes (PILOT) in the amount of \$4.054 million to provide funds for the continuation of the City's Summer Night Lights Program, the Summer Youth Employment Program and the transition of recreational services from the City.

**Background**

By agreement, the Housing Authority of the City of Los Angeles (HACLA), although exempt from paying property taxes, has agreed to reimburse the city for the value of municipal services provided to our developments. The annual amount is based on the level of rents collected from public housing residents. However, the city has typically granted the Authority waivers allowing the use these funds for the support of services providing benefit to the residents or for capital and infrastructure improvements at the various housing developments.

Last fiscal year, HACLA requested waivers for \$5.17 million in PILOT funds which was an accumulation of PILOT monies over multiple years. The City Council approved the use of these monies for the City programs of Summer Night Lights (SNL), Summer Youth Employment Program (SYEP), GRYD, the completion of the design of the Century Boulevard extension and capital improvements at the Gonzaque and Estrada Courts public housing sites. The approved request included \$1.6 million for services at seven public housing sites provided by the City's Recreation and Parks Department.

**Current Request**

As approved by the HACLA Board of Commissioners, HACLA requests waivers for the next two fiscal years starting with fiscal year 2013-2014. The amount requested through waivers is \$4.054 million. This reflects an average annual PILOT amount of nearly \$2 million. The request includes support for the next two years of SNL programs at five of the HACLA public housing sites as well as continuing support for SYEP. These two requests will use approximately \$2.6 million of the two year PILOT allocation. The detail of the dollar amount for each request is provided by the enclosed attachment. The final request is to use the remaining \$1.445 million for the transition of providing recreational services from the City to non-profit organizations.

For a number of years, the City has provided recreational services at no cost at seven public housing sites. The City's programs have provided services to both public housing residents and the surrounding communities. Two years ago, due to budget challenges, the City requested support from HACLA for these services. Since that initial request it is our understanding that the City has created a policy that requires all recreational services provided at facilities not owned and managed by the City to be charged for reimbursement. In 2011, the amount of HACLA's contribution was \$1 million. Last year the request rose to \$ 1.6 million and we were informed that in 2013 that request would be \$2.1 million for the seven sites. The request for 2013 and the future is unsustainable due to both the limits on PILOT funds and dramatic cutbacks on funding HACLA receives from the federal government.

As an alternative and in cooperation with the City's Recreation and Parks Department, HACLA has pursued a model of seeking services from non-profits in which start-up funding could be provided in the short term with a long term goal that the non-profit would use its fundraising experience to establish it as self-supporting. The first site to follow this model was Mar Vista Gardens. With approval from the City Council, start up funding was provided through the PILOT program and a bid was solicited from non-profits to run the recreational facilities and programs. An award was made to the Mar Vista Boys and Girls Club and they began service on February 1, 2013. We have been informed that they may already be successful in obtaining \$1 million for site improvements. A second contract for the Pueblo Del Rio site was awarded to the Police Athletic League who will begin services on March 1, 2013.

For the remaining five sites, HACLA would take the same approach in bidding the services to non-profits and will provide start up money to allow each of the non-profits to establish themselves with local and fundraising communities. The current request provides for start up costs for all five sites. The next site for bid is Pico Gardens and it is anticipated that a non-profit would take control of the site by July 1, the start of the City's fiscal year. For Pico as well as all other sites, the intent is to provide a program as robust as that offered by the City and to continue to provide services to the community as well as the public housing residents.

For the remaining four sites, HACLA also would use the PILOT money to continue City services through September of 2013. This will allow these programs to work with SNL's at each site and use the experience of City staff. In each of these four bids, the non-profits will be required to provide such support for future SNL programs.

While we are hopeful that we will continue to be successful in finding adequate bidders to transition these sites, we also have obtained support from the Recreation and Parks Department that the department will continue to provide services until these transitions can be completed. Should any transition be delayed, funding from HACLA would have to be adjusted accordingly. The intended end result of these transitions will be to provide continuing services to public housing residents and nearby communities at no cost to either the City or HACLA.

**ATTACHMENT:** PILOT Waiver Request Project List

**Attachment**

**PILOT Waiver Request Project List**

**2013 Proposed Budget  
Funding Source: 2011 and 2012 Accrued PILOT**

	<b>Recreation Centers Transition Funds</b>	<b>3 Months Rec &amp; Parks Operating (July - Sept 2013)</b>	<b>2013 SNL</b>	<b>CY 2013 Summer Youth Workers</b>	<b>Site total</b>
<b>Nickerson</b>	\$ 100,000	\$ 105,000	\$ 125,000		\$ 330,000
<b>Jordan</b>	\$ 100,000	\$ 105,000	\$ 125,000		\$ 330,000
<b>Imperial</b>	\$ 100,000	\$ 105,000	\$ 125,000		\$ 330,000
<b>Ramona</b>	\$ 100,000	\$ 105,000	\$ 125,000		\$ 330,000
<b>Pico</b>	\$ 125,000				\$ 125,000
<b>All Sites</b>				\$ 642,249	\$ 642,249
<b>Total</b>	\$ 525,000	\$ 420,000	\$ 500,000	\$ 642,249	\$ 2,087,249

**2014 Proposed Budget  
Funding Source: 2013 Budgeted Accrual for PILOT**

	<b>Recreation Centers Transition Funds</b>	<b>2014 SNL</b>	<b>CY 2014 Summer Youth Workers</b>	<b>Site total</b>
<b>Nickerson</b>	\$ 100,000	\$ 125,000		\$ 225,000
<b>Jordan</b>	\$ 100,000	\$ 125,000		\$ 225,000
<b>Imperial</b>	\$ 100,000	\$ 125,000		\$ 225,000
<b>Ramona</b>	\$ 100,000	\$ 125,000		\$ 225,000
<b>Pico</b>	\$ 100,000			\$ 100,000
<b>All Sites</b>			\$ 966,751	\$ 966,751
<b>Total</b>	\$ 500,000	\$ 500,000	\$ 966,751	\$ 1,966,751