


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

Date: March 30, 2012

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

From: Doug Guthrie, Interim President and CEO 

**Subject: Request for Payment in Lieu of Taxes (PILOT) Waiver for \$5,170,000 Million for Special Program Needs and Public Housing Capital Projects**

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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 \$5,170,000 million to provide funds for several successful programs and public housing infrastructure.

**PILOT Background**

The city and the Housing Authority signed a PILOT Cooperation Agreement in 1939. This agreement has since been modified several times regarding the actual uses of any funds, but the program has remained broadly the same. The Housing Authority, although exempt from paying property taxes, agrees to reimburse the city for the value of municipal services provided to our developments. However, the city has granted the Authority waivers allowing us to use these funds to support our residents. The city typically has provided the waivers on the basis of providing capital needs that may also have an indirect benefit to the city.

**PILOT Funding 2005 - 2011**

In recent years, the Housing Authority has not pursued waivers of its PILOT obligations with the result that for the years 2005 through 2011, the HACLA PILOT accumulated to \$14,253,252. Last year the Authority sought waivers for these accumulated funds, resulting in the City authorizing a number of beneficial and much needed programs. (Please see Attachment I for more details). These program funds were spent, or are scheduled to be spent, on Summer Youth Employment Program (\$1.2 million), Summer

Night Lights (\$500,000), Mar Vista Summer Activities Program (\$100,000), Recreation and Parks Programming (\$1 million), Public Housing Capital Projects (\$2.4 million) and Section 8 (\$2,582,349). This last waiver allowed the Section 8 division to absorb a 12% federal budget cut. (Although the City Council has made clear it will not allow HACLA to repeat the use of PILOT money to subsidize operations due to lost revenue.) The City has requested a report on the use of these funds and recommendations for the use of the balance of accrued PILOT.

**Gang Reduction and Youth Development (GRYD)**

On November 4<sup>th</sup> 2011, the City Council approved the use of \$1.3 million for a Gang Reduction and Youth Development (GRYD) program in the Watts area. These funds are considered as loan funds to be repaid by the GRYD program to the City of Los Angeles in next year's budget. The funds will not be returning to HACLA.

**Current PILOT Funding Request**

The issue of PILOT was discussed by HACLA's Board of Commissioners at its March 2012 meeting with the following recommended uses of the remaining PILOT funds:

<u>Expenditure Item</u>	<u>Amount (in Millions)</u>
Summer Youth Employment Program	\$ 1,000,000
Summer Night Lights	\$ 500,000
Recreation and Parks Programming	\$ 1,600,000
GRYD Program	\$ 1,300,000
Century Boulevard Design	\$ 250,000
Gonzaque Village Paint and Lead Abatement	\$ 300,000
Estrada Water Lines	\$ 220,000
<b>Total</b>	<b>\$ 5,170,000</b>

The first four approved are continuing support to City programs that are essential for public housing residents and mirror activities taken in 2011. In addition, HACLA also recommends the use of \$250,000 for the design of Century Boulevard as part of the Jordan Downs redevelopment project. The City has expended approximately \$750,000 for the design to date, however due to budget constraints, continued financial support from the ConPlan was not available. This remaining amount will complete the design.

Lastly, HACLA recommends the remaining balance be used for two critical projects that will provide safety to our residents. The Gonzaque project will eliminate deteriorating lead paint at the site and the Estrada project will repair water line services to residents. HACLA has taken a 40% cut in its capital funds over the last two years.

## **ATTACHMENTS**

1. Report on Actual Expenditures of Pilot Funds from 2005-2011

## **ATTACHMENT I**

### **REPORT ON ACTUAL EXPENDITURES OF PILOT FUNDS FROM 2005-2011**

#### **1. SUMMER YOUTH EMPLOYMENT PROGRAM (SYEP)**

Due to support from the Housing Authority and the Community Development Department, the Summer Youth Employment Program (SYEP) was successful in offering public housing youth productive summer activities by providing them with employment at over 500 work sites located in municipal offices, non-profit organizations and educational institutions.

In 2011, the SYEP in Region 1 served 160 Youth (Imperial Courts 39; Mar Vista Gardens 52; Nickerson Gardens 69) and 6 Supervisors (Imperial Courts, 1; Mar Vista Gardens, 1; Nickerson Gardens, 4).

In Region 2, 146 youth (Avalon Gardens, 14; Gonzaque Village, 18; Jordan Downs, 63; Rancho San Pedro, 50) were employed with 6 Supervisors (Avalon Gardens, 1; Gonzaque Village, 2; Jordan Downs, 2; Rancho San Pedro, 1).

Region 3 Employed 157 Youth (Pico Gardens, 32; Ramona Gardens, 68; Rose Hills, 5; San Fernando Gardens, 52) with 3 Supervisors (Pico Gardens, 1; Ramona Gardens, 1; San Fernando Gardens, 1).

Lastly, Region 4 provided 146 youth (Estrada Courts, 52; Pueblo del Rio, 42; William Mead, 52) with summer employment, and 4 Supervisors (Estrada Courts, 2; Pueblo del Rio, 1; William Mead, 1).

This is a total of 608 SYEP youth participants and 19 Site Supervisors (public housing residents). Fifty youth, ages 18-24, were also hired to work at sites, side by side with ground-staff for one (1) month beginning October, 2011.

#### **2. SUMMER NIGHT LIGHTS (SNL)**

For the fourth year, HACLA continued the Summer Night Lights program which provides extended recreational, educational and artistic programming at various sites throughout the city four days a week between 7p.m. and midnight. SNL is an innovative program implemented by the Mayor's Gang Reduction and Youth Development (GRYD) office to curb gang violence by keeping the lights on at city parks and recreation centers.

In 2011, HACLA hosted the program at Ramona Gardens, Nickerson Gardens, Imperial Courts and Jordan Downs public housing communities, as well as other sites throughout the city. As a result of this program, violent crimes dropped 40 percent, aggravated assaults fell 48 percent and gang-related murders declined 57 percent.

### **3. MAR VISTA SUMMER ACTIVITIES PROGRAM**

HACLA is working with Councilmember Rosendahl to provide employment services to residents plus a range of tutoring, educational, sports and recreational activities, using PILOT funds. Youth will participate in chaperoned college and educational tours. The chaperones will be residents who receive a stipend for their time. The Housing Authority is building collaborative partnerships with local agencies to help deliver these services.

The various trips and educational events will commence in 2012 with major activities planned over the summer break. This will include hiring residents under the work experience program to accompany youth on the various planned events and trips.

### **4. RECREATION AND PARKS PROGRAMMING**

The \$1 million allocated to Recreation and Parks Programming allowed the City to employ staff to maintain communal properties at six public housing sites: Mar Vista Gardens, Ramona Gardens, Imperial Courts, Nickerson Gardens, Jordan Downs and Pueblo Del Rio.

### **5. PUBLIC HOUSING CAPITAL PROJECTS**

HACLA is using \$2.4 million in PILOT funds to modify the parking lots and street curbs in its public housing sites to comply with Americans with Disabilities Act (ADA) regulations. Curb cuts to improve disabled access are already underway at both Nickerson Gardens and Jordan Downs. Funds are also allocated toward repairing cracked and damaged walkways and completion of trash bin enclosures at various public housing sites. We anticipate finishing all of these capital projects by October 2012.

It is imperative that the Housing Authority has funds to address these types of maintenance needs. Most public housing communities were built in the post World War II era, and have not seen major renovations since then. These improvements address the resident concerns and help make their communities safer and more accessible.

HACLA is hiring a crew of 15 per diem employees from various union halls. An additional 106 residents will work on these projects as apprentices or liaisons. Hence, in addition to the upgrades, residents will gain skills and experience in various trades with

the hope of eventually finding permanent jobs in those fields. The 106 jobs, averaging \$14 per hour, could generate several hundred thousand dollars in resident income.

## **6. SECTION 8 HOUSING ASSISTANCE PROGRAM**

PILOT funds maintained 50 HACLA jobs in the Section 8 Department. Saving these jobs enabled HACLA to lease 3,000 new extremely low-income families into permanent housing, including 700 homeless families. This in turn pumped more than \$15.8 million in new federal assistance money into the Los Angeles economy via vouchers to low-income city residents and rent payments to area landlords.