

REPORT FROM

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CF 11-1371

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 16, 2011

CAO File No. 0220-00540-0955
Council File No. 11-1371
Council District: All

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer

MS

Reference: Los Angeles Housing Department Transmittal dated August 3, 2011; Received by the City Administrative Officer on August 8, 2011

Subject: **VARIOUS ACTIONS RELATIVE TO THE EXTENSION AND CONTINUATION OF THE JOHN D. AND CATHERINE T. MACARTHUR FOUNDATION GRANT**

SUMMARY

The Los Angeles Housing Department (LAHD) requests authority to extend the John D. and Catherine T. MacArthur Foundation Grant (MacArthur Grant) performance period by one year, for a new performance period effective for four years, from January 1, 2009 through December 31, 2012. The \$700,000 MacArthur Grant was awarded to LAHD to enhance the Department's Affordable Housing Preservation Program (AHPP). The AHPP proactively monitors the City's affordable housing inventory in order to better identify housing units that are at risk of losing their affordability restrictions and assist in the preservation of affordable housing within the City. The LAHD also requests authority to reappropriate MacArthur Grant funds and to execute two contract amendments totaling \$80,000 in order to continue grant program implementation. This Office recommends approval of these actions as requested by the LAHD.

BACKGROUND

The City established the AHPP in 2004 to preserve the City's at-risk affordable housing stock in response to the loss of affordable rental housing units due to expiring affordability covenants (C.F. 03-0530). Units are at-risk of converting to market rate rents when property owners prepay their U.S. Department of Urban Development-insured mortgages, opt-out of federal Section Eight project-based assistance programs or when affordability restrictions expire. The LAHD estimates that the City has 69,000 affordable housing units within 1,900 developments, serving very-low, low and moderate-income households. The Department estimates that approximately 8,595 subsidized housing units in the City are at risk of being priced out of affordable rent levels by 2013. Through the AHPP, the LAHD tracks the status of affordability covenants by requiring written notification to the City from property owners and landlords when affordability restrictions are expiring or are being terminated. The AHPP provides education and resources to owners, developers, managers and residents on topics such as: alternate housing opportunities, expiring and terminated affordability restrictions, conversions, preservation efforts, notice compliance, tenants' rights and responsibilities, rent stabilization, code enforcement and existing affordability restrictions. The AHPP also provides direct tenant outreach and education at the sites of expiring and at-risk affordable housing developments, including property visits and door-to-door canvassing and/or tenant meetings.

MacArthur Grant Extension and 2011-12 Proposed Grant Budget

In February 2009, the LAHD was awarded the MacArthur Grant in the amount of \$700,000 for a three-year performance period effective January 1, 2009 through December 31, 2011. Through June 30, 2011, LAHD indicates that a total of \$227,098 of the MacArthur Grant funds have been expended, allowing the Department to direct more resources to housing preservation strategies. The Department has used grant funds to enhance their affordable housing data tracking systems, improve coordination with other City and financing agencies, and to increase the owner/tenant outreach, technical assistance and training components of the AHPP.

As \$227,098 of the \$700,000 grant award has been expended, there is remaining balance of \$472,902 in grant funds available for expenditure. LAHD requested a no-cost one-year extension of the grant program through December 31, 2012, in order to fully expend grant funds in support of the AHPP. The grantor approved the extension request on July 22, 2011. LAHD indicates this extension was necessary due to delays in the grant approval process, which resulted in the Department being unable to execute grant program service provider contracts until October 2009, or ten months after the start of the grant performance period. The Department also notes that they had difficulty hiring the staff position, a Project Assistant, which is fully funded by the grant program. A Project Assistant was selected in November 2009, but the position was vacated by the incumbent shortly thereafter. The Department indicates a new Project Assistant was hired in April of this year. This allowed the Department to expedite grant program expenditures both by expending allocated grant funds for the position's salary and related costs and also through the Project Assistant's role as the facilitator of the expenditure of the grant funds in support of the AHPP.

The LAHD proposes to allocate \$279,951 of the MacArthur Grant funds for expenditure in 2011-12, leaving a remaining balance of \$192,951 to be expended during the final six months of the extended grant performance period from July 1, 2012 through December 31, 2012. The Department's proposed grant budget is as follows:

MacArthur Grant Award	\$700,000
Expenditures to date (January 1, 2009 through June 30, 2011)	<u>(227,098)</u>
Remaining Available MacArthur Grant Balance	\$472,902

2011-12 MacArthur Grant Proposed Budget

Staff Salaries (Project Assistant)	\$ 48,718
As-Needed Staff Salaries (Student Worker)	15,740
Related Costs Reimbursement	19,722
Travel Expense	12,000
Office and Administrative Expense	30,000
Contractual Services	
Outreach and Education (Coalition for Economic Survival)	50,000
Housing Policy (California Housing Partnership Corporation)	30,000
Computer Programming Services (Contractor to be determined)	31,600
Technical Assistance (Contractor to be determined)	35,000
Subscription to Congressional Quarterly	<u>7,171</u>
2011-12 Total:	\$279,951

Remaining Grant Balance (Carryover into 2012-13)	\$192,951
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For 2011-12, a total of \$68,440 is allocated to fund the salary (\$48,718) and to fully reimburse the related costs (\$19,722) of the Project Assistant position that provides coordination and administrative support to the AHPP, including assisting in the expansion of the City's at-risk affordable housing database and assisting with policy tracking, research and analysis. The position was first approved in 2009-10, and continuing employment authority for 2011-12 was previously approved by the Council and Mayor in the Personnel Authority Resolution (C.F. 11-1700). An additional total of \$15,740 is allocated to fund the salary of an as-needed Student Worker position to support the AHPP. An additional \$42,000 is budgeted for Travel (\$12,000) and Office and Administrative (\$30,000) expenses.

A total of \$153,771 is budgeted for Contractual Services in 2011-12, including funding for outreach and education (\$50,000), housing policy development (\$30,000), computer programming services (\$31,600), technical assistance to develop specific strategies to preserve rental housing opportunities based on the grant findings (\$35,000), and a continuing subscription to Congressional Quarterly which provides staff with resources for analysis of federal and state legislation (\$7,171). LAHD is in the process of selecting contractors for the computer programming and technical assistance services, and will return to Council to request authority to execute these contracts. LAHD is currently requesting authority to execute contract amendments with the existing contractors providing outreach and education and housing policy development services, and summaries of these contracts are provided below.

Contract Amendments

The LAHD is requesting authority to execute Second Amendments to two contracts totaling \$80,000. These contracts are fully funded by the MacArthur Grant. The two contractors were selected through the 2008 Housing Studies and Services Request for Qualifications (Housing Studies RFQ) approved by the Mayor and Council in August 2009 (C.F. 08-2742).

The first requested amendment is to the contract with the Coalition for Economic Survival (CES) (C-116215). The original contract award was \$75,000 for a performance period effective August 1, 2009 through July 31, 2010, with an option to renew for two additional one-year periods. CES was the highest scoring proposer within the outreach and education program category of the Housing Studies RFQ. The LAHD previously executed a First Amendment to the CES contract, adding \$50,000 and extending the term of performance by 12 months through July 31, 2011. The Department is now requesting authority to add an additional \$50,000, increasing overall contract compensation to \$175,000, and to extend the term of performance by an additional 12 months through July 31, 2012. CES performs tenant outreach services, and LAHD indicates that outreach and education services were provided to a total of 1,712 families living in 57 properties in 2010. In 2011-12, CES will continue to conduct tenant outreach and education at affordable housing developments with expiring rental subsidies, covenants and or rental restrictions as identified by LAHD. Activities can range from phone calls, mailings, door-to-door visits or ongoing weekly/monthly meetings.

The second requested amendment is to the contract with the California Housing Partnership Corporation (CHPC) (C-116255). The original contract award was \$40,500 for a performance period effective August 1, 2009 through July 31, 2010, with an option to renew for two additional one-year periods. CHPC was the second highest scoring proposer within the Housing Policy Development Program category of the Housing Studies RFQ. The LAHD previously executed a First Amendment to the CHPC contract, adding \$32,000 and extending the term of performance by

12 months through July 31, 2011. The Department is now requesting authority to add an additional \$30,000, increasing overall contract compensation to \$102,500, and to extend the term of performance by an additional 12 months through July 31, 2012. CHPC provides LAHD housing policy services such as developing at-risk assessment criteria to rank and prioritize the at-risk inventory to better predict the conversion to market potential. CHPC is also developing and implementing a coordinated owner and affordable housing community outreach strategy as well as providing training to LAHD staff in order to inform staff on housing preservation strategies.

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 extend the John D. and Catherine T. MacArthur Foundation grant award performance period for one year from December 31, 2011 through December 31, 2012, for a new grant performance period effective four years from January 1, 2009 through December 31, 2012, and to execute any required agreements relative to the grant award extension;
2. Authorize the General Manager of the LAHD, or designee, to execute a Second Amendment to Contract C-116215 with the Coalition for Economic Survival in order to extend the term of performance by 12 months, retroactively effective from August 1, 2011 to July 31, 2012, for a new contract term effective 36 months from August 1, 2009 through July 31, 2012, and to increase contract compensation by \$50,000, for new contract compensation totaling \$175,000, in order to continue the provision of outreach and educational services to tenants residing in affordable housing that will expire soon or that is at risk of expiring, in substantial conformance with the agreement provided as an Attachment to the LAHD transmittal dated August 3, 2011 (C.F. 11-1371) (Transmittal), subject to the review and approval of the City Attorney as to form and compliance with all applicable City contracting requirements;
3. Authorize the General Manager of the LAHD, or designee, to execute a Second Amendment to Contract C-116255 with the California Housing Partnership Corporation in order to extend the term of performance by 12 months, retroactively effective from August 1, 2011 to July 31, 2012, for a new contract term effective 36 months from August 1, 2009 through July 31, 2012, and to increase contract compensation by \$30,000, for new contract compensation totaling \$102,500, in order to continue work related to establishing at-risk housing assessment criteria and the development and implementation of a coordinated owner and affordable housing community outreach strategy, in substantial conformance with the agreement provided as an Attachment to the LAHD Transmittal, subject to the review and approval of the City Attorney as to form and compliance with all applicable City contracting requirements;
4. Authorize the Controller to:
 - a) Establish new accounts within the LAHD Small Grants and Awards Fund 49N as follows:

<u>Account</u>	<u>Account Name</u>
43H143	Housing
43H244	Administrative Reserve
43H299	Related Costs

b) Transfer appropriations within the LAHD Small Grants and Awards Fund 49N as follows:

	<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
From:	43F143	Housing	\$ 15,000.00
	43F244	Administrative Reserve	206,715.00
	43F299	Related Costs	18,355.52
	43G143	LAHD Admin	<u>110,000.00</u>
		Total	\$ 350,070.52
To:	43H143	Housing	\$ 260,229.00
	43H299	Related Costs	19,722.00
	43H244	Administrative Reserve	<u>70,119.52</u>
		Total	\$ 350,070.52

- c) Appropriate additional funds from interest or any program income that may be earned in the future within the LAHD Small Grants and Awards Fund 49N, Account 43H244 "Administrative Reserve";
- d) Expend funds from the fund and accounts specified above upon proper written demand by the General Manager, LAHD, or designee, for grant program administration in accordance with applicable State and Federal guidelines and all City rules, regulations and ordinances;
- e) Increase appropriations for the LAHD within the General Fund 100, as follows:

<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
001010	Salaries, General	\$ 48,718
001070	Salaries, As Needed	15,740
002130	Travel	12,000
003040	Contractual Services	153,771
006010	Office and Administrative	<u>30,000</u>
	Total	\$ 260,229

- f) Expend funds from the General Fund 100 for an amount up to \$260,229 from the accounts specified above upon proper written demand by the General Manager, LAHD, or designee;

5. Authorize the General Manager, LAHD, or designee, to prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with these actions, subject to the approval of the City Administrative Officer, and instruct the Controller to implement these instructions.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. Approval of the recommendations within this report will authorize the Los Angeles Housing Department to continue efforts to enhance the Department's Affordable Housing Preservation Program (AHPP) utilizing previously approved John D. and Catherine T. MacArthur Foundation Grant (MacArthur Grant) funds. The recommendations comply with the City's Financial Policies as the MacArthur Grant funds all grant eligible activities.