

11-2106-51

MOTION HOUSING, COMM & ECON. DEVELOP

The Neighborhood Stabilization Program (NSP) is a federal grant program used to acquire and rehabilitate foreclosed and vacant residential properties throughout the City 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 \$142.6 million. These grants have the following expenditure deadlines:

- NSP1: February 27, 2013
- NSP2: February 11, 2013
- NSP3: March 2, 2014

In February 2009, the Council adopted an action (C.F. 07-2438-S8) instructing the Los Angeles Housing Department (LAHD) to execute an agreement with Restore Neighborhoods LA, Inc. (RNLA), a non-profit property holding company formed solely for the purpose of carrying out the City's NSP program. LAHD and RNLA are utilizing NSP grant funds to complete a large volume of projects consisting of the rehabilitation or new construction of over 800 affordable rental and homeownership housing units to date. The completed rental units are targeted to households with income at or below 50 percent of Area Median Income (AMI) and homeownership units are targeted to households with income at or below 120 percent AMI.

As the NSP funds the acquisition and sale of property, program income is realized by RNLA and the City must periodically amend the contract with RNLA to authorize the expenditure of this income to allow for additional grant activities. Due to the approaching deadlines for NSP1 and NSP2, it is necessary that Council authorize LAHD to execute an amendment to the existing agreement with RNLA authorizing RNLA to spend program income generated from July 1, 2012 up to the effective date of the future grant close-out. This action will ensure the completion of all NSP-funded properties that will become affordable rental and homeownership opportunities for lower-income and moderate-income households.

I THEREFORE MOVE that the City Council, subject to the approval of the Mayor:

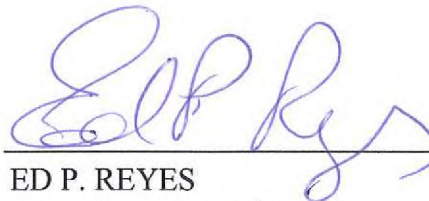
1. AUTHORIZE the General Manager of LAHD, or designee, to execute an amendment to the Professional Services and Rehabilitation Agreement with Restore Neighborhoods LA, Inc. (Contract C-115683), to increase the contract amount by \$22,744,841, from \$117,255,159 to a new total contract amount not to exceed \$140,000,000 to reflect additional NSP grant funds allocated for Program Operations costs for the continued implementation of the City's NSP that will be generated from Program Income received during the period beginning July 1, 2012 up to the effective date of the future grant close-out agreement executed by the City and HUD, whereby additional NSP grant funds will consist of a combination of NSP1, NSP2, and NSP3 funds, subject to the availability of funds and to the review and approval of the City Attorney as to form;
2. AUTHORIZE the City Controller to take the following actions:
 - a. Relative to NSP1, appropriate funds to reflect NSP Program Income received by Fund 50T for period beginning July 1, 2012 up to the effective date of the future grant close-out agreement executed by the City and HUD, consisting of the following ratio: 90 percent of the periodic appropriation amount for program operations costs to be added to Account X818 entitled Program Operation and 10 percent of the periodic appropriation amount for administrative costs to be added within various accounts X143 entitled Housing, X299 entitled Related Costs, and X820 entitled Program Administration;

JAN 8 2013

JAN 8 2013


- b. Relative to NSP2, appropriate funds to reflect NSP Program Income received by Fund 52J for period beginning July 1, 2012 up to the effective date of the future grant close-out agreement executed by the City and HUD, consisting of the following ratio: 90 percent of the periodic appropriation amount for program operations costs to be added to Account X868 entitled NSP2/ARRA Program Operation and 10 percent of the periodic appropriation amount for administrative costs to be added within various accounts X143 entitled Housing, X299 entitled Related Costs, and X304 entitled Admin Reserve;
 - c. Relative to NSP3, appropriate funds to reflect NSP Program Income received by Fund 53T for period beginning July 1, 2012 up to the effective date of the future grant close-out agreement executed by the City and HUD, consisting of the following ratio: 90 percent of the periodic appropriation amount for program operations costs to be added to Account X818 entitled Program Operation and 10 percent of the periodic appropriation amount for administrative costs to be added within various accounts X143 entitled Housing, X299 entitled Related Costs, and X304 entitled Admin Reserve; and
 - d. Expend funds not to exceed the periodic appropriation amounts for period beginning July 1, 2012 up to the effective date of the future grant close-out agreement executed by the City and HUD from the fund and accounts identified in (a) through (c) above upon proper written demand from the General Manager, LAHD, or designee.
3. AUTHORIZE the General Manager, LAHD, or designee, to make any corrections, clarifications or revisions, including any new instructions, to the above Controller instructions in order to effectuate the intent of this Motion, subject to review of the CAO, and authorize the Controller to implement these instructions.
4. INSTRUCT the General Manager, LAHD, to report in six months on the program income generated from all three grants and a status of the NSP program accomplishments.

PRESENTED BY



ED P. REYES
Councilmember, 1st District

SECONDED BY



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