



OFFICE OF THE GENERAL MANAGER  
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Antonio R. Villaraigosa, Mayor  
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July 30, 2012

Honorable Members of the City Council  
City of Los Angeles  
c/o City Clerk, Room 395, City Hall  
200 N. Spring Street  
Los Angeles, CA 90012

Attention: Richard Williams, Legislative Assistant

**COMMITTEE TRANSMITTAL: REPORT BACK REGARDING THE LOS ANGELES HOUSING DEPARTMENT'S BILLING AND COLLECTIONS PROCESS, AND THE FEASIBILITY OF USING LIENS AND OTHER METHODS AS ADDITIONAL MEANS OF COLLECTING ON DELINQUENT ACCOUNTS**

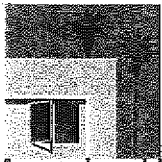
In response to your June 11, 2012 correspondence, the Los Angeles Housing Department (LAHD) is submitting for consideration by the Housing, Community and Economic Development Committee (HCED) the attached LAHD report back regarding the Los Angeles Housing Department's Billing and Collections Process, and Feasibility of Using Liens, and Other Methods as Additional Means of Collection on Delinquent Accounts. The report had previously been submitted to the Mayor in response to both the Budget and Finance (CF 11-0825) and the Audits and Government Efficiency (CF 10-1935) Committees' direction on the feasibility of using liens and other methods as additional means of collecting on delinquent accounts.

Additionally, a verbal report on the practices of other cities utilizing liens will be provided on the floor at the HCED meeting.

RUSHMORE D. CERVANTES  
Executive Officer

Cc: Honorable Antonio R. Villaraigosa, Mayor, City of Los Angeles  
Attention: Mandy Morales, Legislative Coordinator

Attachment



Los Angeles Housing Department

COMPLIANCE DIVISION

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June 13, 2012

Council Files: 10-1935, 11-0825

Council Districts: Citywide

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The Honorable Antonio R. Villaraigosa  
Mayor, City of Los Angeles  
Room 303, City Hall  
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Los Angeles, CA 90012

Attn: Mandy Morales, Legislative Coordinator

**COMMITTEE TRANSMITTAL: REPORT BACK REGARDING THE LOS ANGELES HOUSING DEPARTMENT'S BILLING & COLLECTIONS PROCESS, AND THE FEASIBILITY OF USING LIENS AND OTHER METHODS AS ADDITIONAL MEANS OF COLLECTING ON DELINQUENT ACCOUNTS**

**Summary**

The General Manager of the Los Angeles Housing Department (LAHD) respectfully submits this report for the Mayor and City Council review. This report responds to the requests of the Budget and Finance Committee, and the Audits and Governmental Efficiency Committee to explore various methods of improving the Department's collection efforts, and determine the feasibility of utilizing liens and other methods in order to collect fees owed on delinquent accounts (CF 10-1935).

LAHD has conducted a preliminary study on the cost and effectiveness of placing liens on properties with past due accounts, and the information obtained is presented in this report. LAHD has also conducted a survey of other agencies in an effort to determine what methods are commonly used to ensure a high level of collection on delinquent accounts.

The result of this study shows that implementation of a Direct Property Tax Assessment Lien Program is a cost effective option for the purpose of collecting outstanding balances due on LAHD fees. However, additional procedures, costs and other resources would be necessary to support such a program. Those

costs are discussed further in this report.

The Office of the City Attorney reviewed LAHD's proposal to collect unpaid fees and penalties by implementing a hearing program replicating the Lien Processing Program employed by the Los Angeles Department of Building and Safety (LADBS). In that program, evidence of unpaid bills is presented to City Council during a noticed hearing where the property owner may appear to contest the amount owed and the placement of a lien on the property. Unpaid bills confirmed by Council action become a lien which is thereafter submitted to the Los Angeles County Controller's office for placement in their Direct Assessment collection program. Although the Lien Processing Program does not result in a judgment lien, it may improve collections.

### **Recommendations**

The General Manager of the Los Angeles Housing Department (LAHD) respectfully recommends the following:

- I. Your office schedule this transmittal for consideration at the next available meeting(s) of the City Council Committee(s) for review, and forward to the City Council for consideration and approval; and
- II. The Mayor, and City Council Note and File the information regarding the Los Angeles Housing Department's billing and collections process, and the feasibility of using liens and other methods as a means of collecting on delinquent accounts, inasmuch as it is for information purposes only.

Relative to the establishment of a new Property Lien Program, if the Council and Mayor find that it is in the best interest of the City to implement a new lien program as part of the Los Angeles Housing Department's billing and collections process, then approval should be made as follows:

- III. That the Council, subject to the approval of the Mayor, take the following actions:
  - A. Approve in concept the establishment of a new Property Lien Program;
  - B. Instruct the City Attorney to develop pertinent Ordinance language that may be required to implement the Property Lien Program for all LAHD program fees;
  - C. Instruct the Chief Legislative Analyst to work, in consultation with the LAHD, to establish the Property Lien Program policies and procedures for conducting public hearings regarding unpaid LAHD fees to allow the property owner basic due process protections, provide a forum to dispute the debt incurred, and meet deadlines set by the Los Angeles County Assessor's Office. Also, prepare a budget proposal reflecting anticipated costs to be incurred by the City Council or other City Departments, including but not limited to the City Clerk's Office, in administering the hearings process for property tax liens.

- D. Authorize by Resolution the LAHD staffing plan and budget associated with the Property Lien Program reflected in Attachment IV of this transmittal, with funds to be derived from revenues collected through the Program.
- E. Approve by Resolution authority six positions within the LAHD, which are identified in Attachment IV for the period of July 1, 2012 through June 30, 2013, subject to the allocation of the positions by the Civil Service Commission and pay-grade determinations where applicable by the Office of the City Administrative Officer; and
- F. 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.

### **Overview of the LAHD's Billing & Collections Process**

LAHD has a number of revenue generating fees which fall into two distinct categories, fees charged on an annual basis (annual fees), and fees charged throughout the year for specific services provided (generic fees). 83.16% of all revenue collected from fees for the Code Enforcement and Rent Stabilization Trust Funds come from only two fees, the Rent Stabilization Ordinance (RSO) Annual Registration Fee (RENT), and the Systematic Code Enforcement Program (SCEP) Fee, both of which are annual fees. The LAHD Annual bill consists of two fees legally mandated by the Los Angeles Municipal Code (LAMC), the SCEP fee of \$43.32 per unit per year, and the RENT fee of \$24.51 per unit per year.

The RENT and SCEP fees cover the cost of administering important and legally mandated programs within the LAHD that ensure compliance with the City's building codes, enforce life safety regulations, and provide habitable living conditions for residents citywide, as well as provide tenants protection against unreasonable rent increases, and illegal evictions while providing property owners a reasonable return on their investment. In 2011, the Billing and Collections Unit (BCU) of the LAHD issued approximately 350,000 bills and notices, and collected over \$47.7 million in fees that support the Department's various programs. The process used for the billing and collection of these fees is governed by various Ordinances.

In 2007 and 2008, the LAHD Compliance Division, began an extensive assessment of the Department's Billing & Collections process in an effort to identify issues and remedy any deficiencies. This internal review resulted in the streamlining of procedures and enhancements to procedure manuals that increased the efficiency and effectiveness of the billing and collections process, enabling the Department to increase the amount of revenue collected while preventing fee increases for three more years.

The assessment identified a number of areas of enhancement to the Department's Billing & Collections practices. The database system used by the Department to issue and track bills was not able to process all the bills the Department issued. Manual work was required to supplement the capabilities of the system, and fulfill the requirements of the Ordinances governing these billing and collections processes.

Furthermore, the recording and aging of the accounts were not fully captured electronically, and to maintain accurate records of bills issued, staff had to scan documents, and update records manually.

There were deficiencies found in the source of property records and data used by LAHD, which resulted in inaccuracies in some of the bills issued. To remedy this, the Department purchased additional property record information from a third party, RealQuest, and used the records to supplement existing LAHD property records.

The analysis of LAHD's Billing & Collections process revealed inconsistencies between Housing Codes and the existing Ordinance governing Billing & Collections procedures citywide, which caused difficulties and inefficiencies in mass processing of bills, as well as the processing of combined bills. In 2009, the Department proposed a new Ordinance amendment to make the LAHD billing process more consistent. This ordinance change was subsequently adopted by the City Council in June of 2011.

In order to improve the level of customer service provided by the Department, LAHD implemented an online payment portal, which allows property owners to pay their fees online by using any of the major credit cards or by electronic check, as well as allowing them to immediately print their Rent Registration Certificates. To better respond to constituent concerns and questions, the Department increased the number of billing hotline telephone operators from 10 to 25 (a 150% increase) which has greatly enhanced the Department's level of customer service during the peak of the billing cycle, and has also improved LAHD's ability to respond to constituent concerns during a catastrophic emergency.

### **LAHD Billing Timeline**

The following is a timeline of the LAHD Annual Bill and notices, and corresponding collection deadlines that must be met:

- **JANUARY 1<sup>st</sup> – Annual Bill is Issued (120,000 – 130,000 bills)**

On or before January 1<sup>st</sup> of each year the Department issues the Annual Bills. The bills generated by the Billing & Collections Unit contain information pertaining to the various methods of payment available and the penalties that would be applied if payments are not received before the payment deadline. The bills also provide constituents with information on potential fee exemptions and include an application to submit qualifying exemptions.

- **JANUARY 31<sup>st</sup> – Exemption Application is Due**

Property owners can exempt qualifying units from annual RSO and SCEP fees by submitting an exemption request along with the appropriate documentation. Exemption requests are reviewed by the Department, and granted or denied based on eligibility. A maximum of three temporary exemptions for units which are owner occupied, or for which no rent is being collected, are granted for applications received, self-certifying eligibility.

▪ **FEBRUARY 29<sup>th</sup> – Annual Bill is Due**

The Annual Bill is due on or before the last day of February of each year, 60 days from the date the bill was originally issued. If the last day of February falls on a weekend or a holiday, the deadline is extended until the following business day.

Any bills paid after the due date are considered delinquent, and will automatically be assessed a penalty, and the property owner will receive a delinquent bill. If the delinquent bill is not paid, the property owner will be issued a final notification, affording them with an additional 10 days to make a payment. Prior to 2012, delinquent annual bills were subject to two tiers of penalties, the first tier would be assessed on March 1<sup>st</sup>, and the second tier would be assessed on April 1<sup>st</sup>. The pertinent Ordinances were amended to apply only one tier penalty to delinquent accounts on March 1<sup>st</sup>. By assessing a single penalty, the time it takes to age accounts is shortened by approximately 30 days.

▪ **Delinquent Account is Referred to Collections**

A 10-Day Notice is sent to the property owners that have not responded to the previous Delinquent Notices. It warns the property owner of the pending referral to collections if the account is not made current within 10 days of the date of the letter. Currently, accounts having delinquent balances after the expiration of the 10-Day Notice are referred to Collections as follows:

- Less than \$5,000 – The bills with an outstanding balance of less than \$5,000 are referred to the City's Collections contractor.
- \$5,000 or more – The bills with an outstanding balance of \$5,000 or more are referred to the Office of Finance.

In adherence with the Office of Finance instruction, within 12 months of referring delinquent accounts to the outside collection agency, LAHD refers any accounts for which the balance has not been collected to a second collection agency.

▪ **Generic Bills**

Generic bills, which are issued throughout the year, are due within 30 days of the date of issuance. After 30 days, they are considered delinquent, and a final notification is issued to the property owner to notify them of the status of their account and the obligation to pay. Delinquent accounts are then referred to collections, and follow the same process as the annual bill.

▪ **Additional Collection Methods**

In addition to referring delinquent accounts to collections, the Department enforces payment of annual and generic fees through other Department processes. When a property owner applies

for a Notice of Funding Availability (NOFA) or a Rent Adjustment, their accounts with LAHD must be current, and all fees must be paid in order to be considered. Likewise, properties in the Rent Escrow Account Program (REAP) must have all fees paid before the REAP notice on title is removed. Using these methods the Department collects over \$2 million annually in outstanding fees.

### **Development of the Billing Information Management System (BIMS)**

LAHD has strived to increase the accuracy of the Billing & Collections process and reduce the time it takes to process the annual bill. As a result, the Department has focused its efforts on developing an automated system to maintain accurate billing records, provide timely assessment of the fees, and aging of the accounts. The work of the Billing & Collections Unit is voluminous. In 2010, over 350,000 bills were issued. Automation was key to enabling staff to process such a large workload.

The development of BIMS began in 2007-2008, as part of the original assessment of LAHD's billing capabilities. BIMS is a comprehensive system designed to address billing and collection requirements. Enhancements provided by BIMS include:

- The ability to combine RSO & SCEP fees into a single bill, and generate comprehensive statements for all fees owed by a property owner.
- Online web-portal access for customers, allowing them to view account(s) in real time, pay fees, download forms, request exemptions, email questions or concerns and print Rent Registration Certificates.
- Automated payment posting - Payments submitted online are automatically posted to the correct account.
- Exemptions and correspondence which are submitted by constituents are converted into optical images electronically stored and sent directly to the staff responsible for processing.
- Automatic Account Receivable aging and processing of a bill through several stages of delinquency. Individual fees are tracked and aged through each stage of the billing cycle. An invoice can also be suspended (halting the clock on its aging).
- Property database filtering provides the ability to consolidate three separate sources of property records data in an effort to filter and identify the most accurate record for billing purposes.
- Automatic addition of fees - delinquent fees are automatically assessed and added on the proper date, and accounts are automatically aged through the collections process.
- Automatic generation of annual Rent Registration Certificates (Certificate). The daily generation of Rent Registration Certificates streamlines a cumbersome process by sending the Certificates directly to the printer when all fees have been paid.



- Enhanced payment distribution. A proposed breakdown of the payment distribution across the appropriate accounts is automatically calculated before posting. Senior staff has the ability to modify the distribution and run recalculations if necessary. This process standardized payment processing.
- Redesigned interface and a unified and comprehensive display of property related data and records. This provides property, billing, payment and exemption information on a single screen to improve the property information presented, and permits staff to quickly perform all key functions, e.g. adding fees, adjusting accounts, and entering exemptions.
- Automated bill generation.
- An improved summary statement replaces the need to manually create statements.
- Automatic collection recall, expedites staff requests to recall files from collection agencies when necessary.
- Automatic importing of data from field Inspectors' portable computers allows the system to generate invoices automatically based on work performed in the field.
- Real-time automated financial reports provide regularly scheduled fiscal reports via email, and allows management to access various readily available custom reports to assist in decision making.
- Improving the accuracy of property addresses has drastically decreased the amount of returned mail, the amount of printing required, and staff time in retrieving documents and responding to customers. Billing hotline calls were reduced 20% from 2008 to 2009.

Overall, BIMS has had a positive impact on the collection of fees for the Department.

### **Background of Lien Programs**

LAHD processes approximately 350,000 bills and notices annually, with an average bill of \$200 per property. These bills are aged as mandated by the Los Angeles Municipal Code (LAMC). At the end of the aging process the delinquent accounts are referred to outside collection agencies. Based on historical data, the outside collection agencies have an average collection rate of 15%.

As of December 12, 2011, the three year average collection rate for regular fees from FY 2008-09 through FY 2010-11 was over 90% of all the regular fees billed, and the collection rate for late and delinquent fees was approximately 47% of all the delinquent fees billed. Despite the Department's high rate of collections, and the collection agencies' best efforts, some property owners simply choose to ignore the requirements of the LAMC, and do not pay the fees owed. LAHD has diligently worked on improving and enhancing its billing and collections process to maximize its revenues. In an effort to



find additional collection avenues, LAHD explored the possibility of recording liens on properties having outstanding delinquent fees.

LAHD contacted seven departments, which administer constituent billing and collections for City services, in order to determine if a lien program was in place, review their processes, and find the best practices that could be used in LAHD's own lien program (attachment I). The survey identified LADBS, the Office of Finance, and the Los Angeles Fire Department as having Property Tax Lien Programs (attachment II). In addition to these lien programs, LAHD's own Code Enforcement Division oversees the Tenant Relocation Inspection Program (TRIP) and Urgent Repair Program (URP) Lien Programs. Both TRIP and URP use indirect assessment liens, which attach outstanding fees to the property's title. These fees are usually collected when the property is either refinanced or sold.

LADBS' and the Fire Department's lien programs started several years ago and have demonstrated high rates of collection using property tax roll billing (direct assessment liens) in lieu of referring delinquent accounts to collection agencies. Based on the historic collection rates of LADBS, the Department estimates a collection rate of approximately 75% of the bills subject to their Direct Lien Program. The Office of Finance initiated a lien program in January 2011, using a General Lien Program to collect outstanding business tax fees which were identified through City Controller's audits of local businesses. Although it is too early to assess the success of this program, the Office of Finance is anticipating a higher collection rate as a result of this program.

### **Indirect Assessment Property Liens**

The LAMC § 163.07.C. authorizes LAHD to impose liens on properties for outstanding fees incurred through the TRIP and the URP. These programs enable the Department to fund emergency tenant relocations, and proceed with urgent life-safety repairs to rental properties. The property owners are billed for the TRIP and URP services provided which includes an administrative fee of 50%, up to a maximum of \$10,000, for TRIP, and 40% for URP. If the property owner does not pay the invoices, a Notice of Pending Lien pending is mailed to the owner and the Department places a "Notice of a Pending Lien" on the property's title with the Los Angeles County Recorder's Office. Should the owner fail to pay the delinquent fees within 37 days, the Notice is released and a lien against the property is recorded. Generally, the lien prevents the property from being refinanced or sold until the lien is cleared. This type of lien is called an "indirect assessment lien", and it requires staff to physically record and release each notice with the Los Angeles County Recorder's Office. The benefit of an indirect assessment lien is that they can be placed on properties at any time during the year. This type of lien, however, does not adhere to the Office of Finance Citywide Collection Guidelines because outstanding fees can be in abeyance indefinitely until the property is either refinanced or sold. Additionally, the indefinite collection time will cause very large Account Receivable balances to accumulate and stay on the Department's records.

### **Direct Property Tax Assessment Liens**

In a Direct Assessment Lien Program, properties with delinquent accounts would be referred to the Los Angeles County Assessor's Office so that the pertinent outstanding fees may be included in the Annual Property Tax Bill as a "Direct Assessment" each year. When the tax bill is paid, the Los Angeles

County Controller's Office transmits LAHD's fees directly to the Department. As a result, fees associated with a direct property tax assessment lien are collected in a timelier manner than fees associated with an indirect assessment lien.

### **Application of a Direct Lien Program**

In 2010 and 2011, an average of 15,864 properties had delinquent accounts with ongoing outstanding balances for an average total of \$9.8 million in fees and penalties. In 2012, because of the fee adjustment adopted by the City Council in 2011, the Department estimates the number of properties with delinquent accounts to be 15,731 with a total outstanding balance of \$12.3 million. These 15,731 properties give us some indication of the potential candidates for lien referral, but actual numbers are likely to be higher since properties, for which outstanding fees were paid, after being referred to collections, are not counted. Before implementing a lien program, the Office of the City Attorney recommended that the LAMC be amended to provide for a hearing regarding unpaid LAHD fees to allow the property owner basic due process protections, and to provide a forum to dispute the debt incurred. Such proceedings would serve to exhaust administrative remedies and provide a final decision which could be reviewed and ratified by the City Council. This is similar to the process followed by LADBS in the placement of liens.

Even though the potential of annually collecting \$9.2 million, 75% of the \$12.3 million outstanding fees and penalties is significant, the scope of the proposed lien program is limited by the City Council's ability to conduct hearings for properties on which a lien will be assessed, and which authorize the Department to refer the delinquent accounts to the County Assessor's Office so that the lien can be recorded. At 15,731 properties annually, the City Council would be required to hear over 1,300 cases per month. The placement of liens is time sensitive, and requires timely council action in order to meet the deadlines set by the County Assessor's Office.

To remedy this impediment and limit the number of cases that need to be presented to the City Council for a hearing, a minimum threshold may be set for delinquent accounts before the Department initiates the process of placing a lien on the property. This threshold will allow the program to maximize available resources and ensures that the City's efforts are concentrated on those properties with the highest delinquent account balances, which are also the accounts having the greatest impact on the amount of revenue collected. Setting the threshold of delinquent accounts to \$1,000 reduces the average number of properties to 2,464, for a total average balance due of \$7.7 million (Attachment III).

Delinquent accounts can accumulate outstanding balances over time that meet the minimum \$1,000 threshold, and it is possible that properties meet this threshold multiple times per year. To assess the potential impact of referring accounts based on this minimum threshold, the Department's analysis assumes that a property will be referred for a hearing no more than twice a year. Dividing the year into two collection periods increases the total number of properties eligible for liens to an estimated 2,620 per year for a total average balance due of \$7.6 million (Attachment III). Using this method, an average of 219 properties will be referred to the City Council for a hearing per month. Due to the seasonal nature of the LAHD billing cycle, the months of March through June are expected to generate a greater number of hearings than the remainder of the year.

Both direct and indirect assessments mainly share the same upfront billing, processing, and City Council approval requirements. For the purpose of collecting outstanding balances due on LAHD fees, the analysis shows that the Direct Property Tax Assessment Lien is more effective. In terms of the ability to collect fees in a timely manner, direct property tax assessment liens are better suited than indirect property tax assessment liens because they are assessed on the annual property tax bill which ensures that most of these fees will be paid at the same time as the property taxes. This also allows minimizing the number of aging invoices reflected in the Accounts Receivable Quarterly Report.

Based on the LADBS historic collection rates of 75%, it is anticipated 75% of the estimated \$7.6 million average delinquent account balance would result in approximately \$5.7 million in gross revenues. Deducting an average 15% rate of collections, which would be realized with the existing process of referring delinquent accounts to the collection agencies (\$1.1 million), the application of a Direct Property Tax Assessment Lien would result in approximately \$4.6 million additional gross revenues.

### **Fiscal Impact**

To administer the Direct Property Tax Assessment Lien Program, requires funding and position authorities for six (6) additional staff (Attachment IV). The anticipated total annual cost of the program is approximately \$938,191 (Attachment IV & Attachment V). Taking into account the anticipated expense of the program, the net increase in revenue for LAHD is anticipated to be approximately \$3.7 million. It should be noted that the costs that would be incurred by other Departments to conduct public hearings is not taken into account in this assessment.

There is no impact to the General Fund.

COMMITTEE TRANSMITTAL: REPORT BACK REGARDING THE LAHD'S BILLING & COLLECTIONS PROCESS, AND THE FEASIBILITY OF USING LIENS AS A COLLECTION VENUE

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Prepared by:



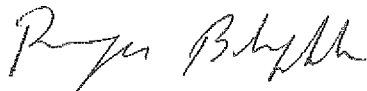
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Attachments

- Attachment I: Citywide Survey of Department 'Lien Policy'
- Attachment II: Lien Program Summary
- Attachment III: Los Angeles Housing Department Analysis of Potential Liens on Properties with Delinquent LAHD Accounts
- Attachment IV: Los Angeles Housing Department Positions Required to Implement the Property Tax Lien Program
- Attachment V: Direct Property Tax Assessment Lien Administrative Fee Schedule

## CITYWIDE SURVEY OF DEPARTMENT 'LIEN POLICY'

Department	Lien Policy	Comments
Los Angeles Department of Building and Safety (LADBS)	Yes	Direct Assessment Lien Program. No minimum lien amount. However, due to the labor-intensiveness of the process only delinquent invoices over \$1,000 are processed. Four step processes after invoices aged to delinquency, a) Mail 60-day notice of pending lien action, b) File lien notice, c) City Council approval, and, d) transmit data for direct assessment (property tax bill).
Office Of Finance (Finance)	Yes	General Lien Program. Minimum lien \$10,000. Began in January 2011, single-focus, companies that have been the subject to Finance audit, and owe outstanding fees. Requires physically recording liens at the Los Angeles County Assessor's Office.
Los Angeles Housing Department (LAHD), Code Enforcement Division	Yes	Indirect Assessment Lien Program. No minimum lien amount. Focus on property owners who fail to pay costs associated with rental unit repairs/services or tenant relocation. Requires physically recording liens at the Los Angeles County Assessor's Office (Norwalk).
Department of Transportation	No	Parking fines
Los Angeles Police Department	No	False alarm fees.
Los Angeles World Airports	No	
Department of Water and Power	No	Previously attempted to institute a Lien Program, but actions were derailed due to California Superior Court ruling.
Los Angeles Fire Department	Yes	Direct Assessment Lien Program. No minimum lien amount. Seeks reimbursement for brush clearance. Program averages 2,000 liens per year. Emulates LADBS Lien Program. Proposed liens are heard by the Public Safety Committee, and adopted by the City Council.

## LIEN PROGRAM SUMMARY

Lien Type	Direct Assessment			Indirect Assessment	General*
Agency	LA Department Building and Safety	Fire Department	Compliance (LAHD)	Code (LAHD)	Office of Finance
APN/Year	a)50-100 b)10- 50	2,000	2,620	a) 51 b) 23	7 (Jan-Jun)
Type(s)/Bill	a) Repair & Demolition b) Non-compliance (repairs)	Brush clearance	RSO/SCEP fees, other Inspection fees, Legal fees, etc.	a) TRIP b) URP	Post Controller Audited Companies
Annual Lien Total	a) \$ 5,625,000 b) \$21,000,000	\$2,000,000	\$7,647,538	a) \$488,450 b) \$300,000	Unkn
Recovery Rate	a) 75%, b) 90%	90%	75%	a) 53% b) 86%	Unkn
Administrative fee (add on costs)	\$53 (title reports)	None		a) 50% TRIP b) 40% URP	\$300 + \$16 (lien release)
Minimum Bill	\$1,000	None	\$1,000	None	\$10,000
Average Bill	a)\$ 20,000-100,000 b)\$350,000-700,000	\$1,000	\$2,919	a)\$ 9,577 b)\$13,043	\$10,000
Staffing Level	4 staff p/t	3 staff p/t	6 staff f/t	2 staff p/t	2 f/t, 2 p/t
Labor Cost inc. CAP rate (Est.)	\$357,287	Unkn.	\$804,008	\$35,869	\$484,311

ATTACHMENT III

LOS ANGELES HOUSING DEPARTMENT ANALYSIS OF POTENTIAL LIENS ON PROPERTIES WITH DELINQUENT LAHD ACCOUNTS

SCENARIO 1: Assuming One Collection at the End of the Year

ALL				PROJECTED
	2010	2011	AVG	2012
APNs	15,659	16,069	15,864	15,731
Files <sup>(1)</sup>	27,394	29,746	28,570	28,376
Balance Due	\$9,291,762	\$10,297,077	\$9,794,419	\$12,266,003

OVER \$1,000 OWED BY APN				PROJECTED
	2010	2011	AVG	2012
APNs	1,846	2,192	2,019	2,464
Files <sup>(1)</sup>	5,083	6,110	5,597	6,546
Balance Due	\$5,709,313	\$6,344,301	\$6,026,807	\$7,742,618

SCENARIO 2: Assuming One Collection for Bills Issued from January - May, and One Collection for Bills Issued June - December

ALL										PROJECTED
	2010			2011			AVG			2012
	Jan - May	Jun - Dec	Total	Jan - May	Jun - Dec	Total	Jan - May	Jun - Dec	AVG Total	
APNs	14,080	2,344	16,424	14,093	2,950	17,043	14,087	2,647	16,734	16,606
Files <sup>(1)</sup>	23,408	3,986	27,394	25,255	4,487	29,742	24,332	4,237	28,568	28,376
Balance Due	\$5,858,688	\$3,433,074	\$9,291,762	\$6,885,359	\$3,411,717	\$10,297,077	\$6,372,024	\$3,422,396	\$9,794,419	\$12,266,003

OVER \$1,000 OWED BY APN										PROJECTED
	2010			2011			AVG			2012
	Jan - May	Jun - Dec	Total	Jan - May	Jun - Dec	Total	Jan - May	Jun - Dec	AVG Total	
APNs	958	987	1,945	1,287	1,037	2,324	1,123	1,012	2,135	2,620
Files <sup>(1)</sup>	2,007	2,986	4,993	3,033	2,898	5,931	2,520	2,942	5,462	6,375
Balance Due	\$2,571,207	\$3,095,488	\$5,666,695	\$3,310,000	\$2,952,926	\$6,262,925	\$2,940,604	\$3,024,207	\$5,964,810	\$7,647,538



## ATTACHMENT III

### NOTES:

[1] The following invoice types are included: Admin Investigation, Bad Check, Bad Check RSO, CM Inspection, Complaint Inspection, Foreclosure Registration Fee, Interagency Housing Taskforce, Legal Articles of Incorporation, Legal Case Closure, Legal Case Preparation, Legal Grant Deed, Legal Status Inspection, Miscellaneous Event, REAP Administrative Fee Balance, REAP Prepaid Inspection, RSO, SCEP

ATTACHMENT IV

LOS ANGELES HOUSING DEPARTMENT POSITIONS REQUIRED TO IMPLEMENT THE PROPERTY TAX LIEN PROGRAM

#	CLASS CODE	CLASS TITLE	SALARY <sup>[1]</sup>	SALARY SAVINGS	TOTAL DIRECT COSTS	RELATED COSTS <sup>[2]</sup>			TOTAL INDIRECT COSTS	TOTAL LAHD COSTS
			1010			FRINGE BENEFITS	CENTRAL SERVICES	GASP		
2	1358-0	CLERK TYPIST	\$94,166.00	\$(2,824.98)	\$91,341.02	\$33,101.99	\$7,891.86	\$33,796.18	\$74,790.03	\$166,131.05
2	9184-2	MGMT ANALYST II	\$163,742.00	\$(4,912.26)	\$158,829.74	\$57,559.90	\$13,722.89	\$58,767.00	\$130,049.79	\$288,879.53
2	9171-1	SR MGMT ANALYST I	\$197,818.00	\$(5,934.54)	\$191,883.46	\$69,538.57	\$16,578.73	\$70,996.88	\$157,114.18	\$348,997.64
6		<b>TOTAL:</b>	<b>\$455,726.00</b>	<b>\$(13,671.78)</b>	<b>\$442,054.22</b>	<b>\$160,200.45</b>	<b>\$38,193.48</b>	<b>\$163,560.06</b>	<b>\$361,954.00</b>	<b>\$804,008.22</b>

NOTES:

Total LAHD costs include the costs to fund the 6 LAHD position authorities required by the Department, but exclude any potential costs incurred by the City Council, or other Departments in administering the hearings process for property tax liens.

[1] FY 2011-12 WAGES & COUNT

[2] CAP 32

**DIRECT PROPERTY TAX ASSESSMENT LIEN ADMINISTRATIVE FEE SCHEDULE**

Service Type	One Time Fee	Charge Per Lien	Supplemental Fees
One time agency set-up charge	250.00		
Individual 'direct Assessment' fee each year		50.00	
Each APN fee		0.25	
APN change fee before tax roll deadline (August 9)			3.15
APN change fee after tax roll deadline			13.00
Direct assessment change request, reports, etc.			7.60
Charge per requested report, fax, email, etc.			1.10
<b>Subtotal:</b>	<b>\$250.00</b>	<b>\$50.25</b>	<b>\$24.85</b>

Administrative Cost Summary (Based on 2,620 APN)	Cost Per Property	Frequency	Total Cost
Direct assessment on tax roll fee	\$50.25	2,620	\$131,655
Changes to tax roll	\$3.15	262	\$825
Corrections to ownership data	\$13.00	131	\$1,703
LA County Tax Assessor Charges			<b>\$134,183</b>