

TRANSMITTAL

To:

THE COUNCIL

Date:

APR 30 2012

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Matt Karatz)

ANTONIO R. VILLARAIGOSA
Mayor



MAJOR PROJECTS DIVISION

Los Angeles Housing Department LAHD

1200 West 7th Street, 8th Floor, Los Angeles, CA 90017
tel 213.808.8936 | fax 213.808.8918
lahd.lacity.org



Antonio R. Villaraigosa, Mayor
Rushmore D. Cervantes, Interim General Manager

April 17, 2012

Council File: New
Council District: All
Contact Persons:
Emily Tran: 808-8545
Kory Smith: 808-8903
Manuel Bernal: 808-8901
Helmi Hisserich: 808-8662

Honorable Antonio R. Villaraigosa
Mayor, City of Los Angeles
200 North Spring Street, Room 303
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator
City Hall, Room 340

REQUEST FOR AUTHORIZATION TO EXECUTE THE 1ST AMENDMENT OF THE CITY'S CONTRACT WITH DAVID PAUL ROSEN & ASSOCIATES, INC.

SUMMARY:

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests authority to execute a contract amendment with David Paul Rosen & Associates, Inc. to meet the immediate need for a transition analysis of housing assets of the Community Redevelopment Agency of the City of Los Angeles (CRA/LA).

RECOMMENDATIONS:

The General Manager of LAHD respectfully requests that:

- I. Your office schedule this request at the first available meeting(s) of the appropriate City Council Committee(s) for review and forward it to the City Council for consideration and approval.

- II. The City Council, subject to the approval of the Mayor, take the following actions:
- A. AUTHORIZE the General Manager of LAHD, or designee, to execute a contract amendment with David Paul Rosen & Associates (C-119157), to add scope of work, add eight months to existing contract term through December 31, 2012, and increase funding by \$70,000, subject to the approval of the City Attorney as to form.
 - B. AUTHORIZE the City Controller to expend funds for David Paul Rosen & Associates from HOME Fund No. 561, Department 43, Account A844 for \$70,000, for fiscal year 2011-2012.
- III. AUTHORIZE the General Manager of LAHD, or designee to prepare Controller's instructions and make any necessary technical adjustments consistent with Mayor and City Council actions on these programs, subject to the approval of the City Administrative Officer, and request the City Controller to implement these instructions.

BACKGROUND:

On December 29, 2011, the California Supreme Court upheld Assembly Bill No. 26, and as a result over 400 redevelopment agencies in California were dissolved as of February 1, 2012. On January 25, 2012, the City adopted a Resolution (C.F. 12-0049) to opt-in as the Housing Successor Entity to carry out the housing functions of the CRA/LA and designated LAHD as the City's Housing Entity. LAHD therefore was instructed to report to the Mayor and Council a transition plan that details the necessary resources for short and long-term management of the former redevelopment agency's housing assets, functions and responsibilities. With the tremendous financial and administrative burden placed on LAHD, given the time constraints, complexity of the transitional plan, and staff shortage, LAHD has determined it is necessary to execute a contract amendment with a technical services contractor with specialized expertise to perform the required scope of work.

David Paul Rosen & Associates (DPR) is currently contracted with LAHD (C.F. 10-2440) for a 12-month period from May 1, 2011 to April 30, 2012, to provide real estate loan underwriting services for permanent supportive housing, affordable multifamily and single family housing development including but not limited to pro forma analysis, risk management, asset management, funding source identification, and cost analysis. DPR has successfully accomplished a preservation program under the current contract, which involves the development of a financial model to assist in the analysis of financial structure options applied to affordable rental housing preservation projects. Considering DPR's specialized expertise and previous experience in a similar scope of work, LAHD is requesting to execute an amendment with DPR to add a modified scope of work relative to the CRA/LA transitional plan. The modified scope of work will necessitate the additional funding and extension of the contract term.

The modified scope of work added to the DPR contract will include:

- a. Assist with the preparation and review of resolution(s) for City Council stating the City's intent to act as the successor agency and LAHD as the successor housing agency for CRA/LA.

- b. Prepare pro forma projections and sensitivity analyses in Excel format of the administrative cost allowance associated with housing activities provided in California Assembly Bill No. 26 approved by the Governor on June 28, 2011 and filed with the Secretary of State on June 29, 2011, which dissolves California's Redevelopment Agencies, based on the Recognized Obligation Payment Schedule(s) (ROPS). The projections will be prepared in Excel format and provided to City staff for future use.
- c. Review and prepare housing-related schedules of housing assets and projects for preparation of the final Enforceable Obligation Payment Schedule (EOPS) by May 31, 2012, assuring all affordable housing assets and obligations are properly listed.
- d. Assist in the review and preparation of the draft ROPS for period January 1, 2012 through June 30, 2012 by May 31, 2012, and possibly a second schedule for the period July 1, 2012 through December 31, 2012. Assist in finalizing the ROPS for presentation to the Oversight Board as comprised pursuant to California Assembly bill No.26, Part 1.85, Chapter 4, Section 34179 (a) to oversee CRA/LA transition, by June 15, 2012.
- e. Review development pipeline of CRA/LA projects, LAHD projects and, if appropriate, HACLA projects, to assure they are reconciled against the EOPS and the ROPS. Specify the financial and economic risk to LAHD, and perhaps HACLA, relative to the possibility of securing delinquent debt obligations for affordable housing developments held by the former CRA/LA. Review the MOU and sub agreements for projects financed from the CRA/LA 5% Fund/Trust Fund.
- f. Review the listing of CRA/LA housing loan assets under management by third party vendors, and directly by CRA/LA and provide guidance to LAHD management and staff regarding asset management staffing loads, optimization of revenue from the loan portfolio, and identification of asset management issues, including but not limited to program income and residual receipts, project and sponsor financial statement review, property physical needs assessment, property refinancing opportunities, needs and risks, and compliance with regulatory covenants.
- g. Work with LAHD City staff to develop estimates of the additional work load created by the assumption of the CRA/LA project pipeline by LAHD, based on general work load and cost factors provided by staff.
- h. Develop a residual receipts strategy and projections, as appropriate to assist LAHD in securing a long-term cash flow from projects under asset management to defray LAHD staffing costs.
- i. Quantify and document the debt of the Low/Mod Housing Fund of CRA/LA.
- j. Prepare an asset management agenda and work program for the assumption of CRA/LA affordable housing assets, including mixed use and mixed income assets, both owner and renter. Estimate the additional workload and costs to LAHD for long-term asset management of the CRA/LA portfolio.
- k. Specify additional revenues that may be needed and employed to avoid default under California Assembly Bill No.26, Part 1.85, Chapter 3, and Section 34177 (f) approved by the Governor on June 28, 2011 and filed with the Secretary of State on June 29, 2011.

1. Attend meetings as requested by City staff to accomplish the above scope of work.

FISCAL IMPACT:

There is no fiscal impact on the General Fund. The contract amendment is paid through federal grant HOME Funds.

Attachment

Draft Amendment

Prepared by:



Emily Tran
Management Assistant
Major Projects Division



Kory Smith
Finance Dev Officer II
Major Projects Division

Reviewed by:



MANUEL BERNAL
Director, Major Projects Division

Reviewed by:



HELMI HISSERICH
Assistant General Manager

Approved by:



RUSHMORE D. CERVANTES
Interim General Manager

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FIRST AMENDMENT
TO AGREEMENT C-119157 OF CITY OF LOS ANGELES CONTRACT
BETWEEN
THE CITY OF LOS ANGELES
AND
DAVID PAUL ROSEN & ASSOCIATES, INC.
Real Estate Loan Underwriting Services/Preservation Program

THIS FIRST AMENDMENT to Agreement Number C-119157 of City of Los Angeles Contract is made and entered into by and between the City of Los Angeles, hereinafter referred to as the City, and David Paul Rosen & Associates, Inc., hereinafter referred to as the Contractor.

WITNESSETH

WHEREAS, the City and the Contractor have entered into an Agreement wherein the Contractor shall provide certain services, said Agreement is contract No. 119157 of city contracts, executed on July 22, 2011 and subsequently amended, which together with all amendments thereto shall hereinafter be referred to as the Agreement; and

WHEREAS, Section §506 of the Agreement provides for amendments to the Agreement; and

WHEREAS, the City and the Contractor are desirous of amending the Agreement as authorized by the City Council and the Mayor (Council File Number XXXX adopted by City Council on XXXX, and concurred by the Mayor on XXXX) which authorizes the General Manager of the Los Angeles Housing Department to prepare and execute an amendment to the Agreement for the purpose of: (a) adding an additional Eight (8) months for a new ending date of December 31, 2012; (b) adding additional funds in the amount of Seventy Thousand dollars and no cents (\$70,000) for the period of May 1, 2011 to April 30, 2012 for a new total amount of Ninety Thousand dollars and no cents (\$90,000) ; and (c) making such other changes as are required in connection with the foregoing, all as detailed elsewhere in this Amendment; and

WHEREAS, this Amendment is necessary and proper to continue and/or complete certain activities authorized under the Agreement.

NOW, THEREFORE, the City and the Contractor agree that the Agreement be amended effective May 1, 2012 as follows:

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AMENDMENT

- §1. Amend Section §201 Time of Performance by deleting the current ending date of April 30, 2012 and replacing with the new ending date of December 31, 2012. This amendment adds an additional eight (8) months for a total term of twenty (20) months.
- §2. Amend Section §202 B. Statement of Services to be Provided by Contractor as follows:
- A. Amend subsection Preservation Scope of Services / Deliverables / Schedule by deleting the title "Preservation Scope of Services/Deliverables/Schedule" and replacing it with "1. Preservation Scope of Services/Deliverables/Schedule"
 - B. Add a new subsection "2. CRA Transition Analysis Scope of Services" under Section §202 B as follows:
 - a. Assist with the preparation and review of resolution(s) for City Council stating the City's intent to act as the successor agency and LAHD as the successor housing agency for CRA/LA.
 - b. Prepare pro forma projections and sensitivity analyses in Excel format of the administrative cost allowance associated with housing activities provided in California Assembly Bill No. 26 approved by the Governor on June 28, 2011 and filed with the Secretary of State on June 29, 2011, which dissolves California's Redevelopment Agencies, based on the Recognized Obligation Payment Schedule(s) (ROPS). The projections will be prepared in Excel format and provided to City staff for future use.
 - c. Review and prepare housing-related schedules of housing assets and projects for preparation of the final Enforceable Obligation Payment Schedule (EOPS) by May 31, 2012, assuring all affordable housing assets and obligations are properly listed.
 - d. Assist in the review and preparation of the draft ROPS for period January 1, 2012 through June 30, 2012 by May 31, 2012, and possibly a second schedule for the period July 1, 2012 through December 31, 2012. Assist in finalizing the ROPS for presentation to the Oversight Board as comprised pursuant to California Assembly bill No.26, Part 1.85, Chapter 4, Section 34179 (a) to oversee CRA/LA transition, by June 15, 2012.

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- e. Review development pipeline of CRA/LA projects, LAHD projects and, if appropriate, HACLA projects, to assure they are reconciled against the EOPS and the ROPS. Specify the financial and economic risk to LAHD, and perhaps HACLA, relative to the possibility of securing delinquent debt obligations for affordable housing developments held by the former CRA/LA. Review the MOU and sub agreements for projects financed from the CRA/LA 5% Fund/Trust Fund.
- f. Review the listing of CRA/LA housing loan assets under management by third party vendors, and directly by CRA/LA and provide guidance to LAHD management and staff regarding asset management staffing loads, optimization of revenue from the loan portfolio, and identification of asset management issues, including but not limited to program income and residual receipts, project and sponsor financial statement review, property physical needs assessment, property refinancing opportunities, needs and risks, and compliance with regulatory covenants.
- g. Work with LAHD City staff to develop estimates of the additional work load created by the assumption of the CRA/LA project pipeline by LAHD, based on general work load and cost factors provided by staff.
- h. Develop a residual receipts strategy and projections, as appropriate to assist LAHD in securing a long-term cash flow from projects under asset management to defray LAHD staffing costs.
- i. Quantify and document the debt of the Low/Mod Housing Fund of CRA/LA.
- j. Prepare an asset management agenda and work program for the assumption of CRA/LA affordable housing assets, including mixed use and mixed income assets, both owner and renter. Estimate the additional workload and costs to LAHD for long-term asset management of the CRA/LA portfolio.
- k. Specify additional revenues that may be needed and employed to avoid default under California Assembly Bill No.26, Part 1.85, Chapter 3, and Section 34177 (f) approved by the Governor on June 28, 2011 and filed with the Secretary of State on June 29, 2011.
- l. Attend meetings as requested by City staff to accomplish the above scope of work.

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§2. Amend Section §301 "Compensation and Method of Payment" by deleting the maximum compensation amount of Twenty Thousand Dollars (\$20,000) and replacing with the new maximum total compensation amount of Ninety Thousand Dollars (\$90,000).

§3. Amend Section §408 "Nondiscrimination and Affirmative Action" by deleting it in its entirety and replacing it as follows:

A. The Contractor shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this Agreement, the Contractor shall not discriminate in its employment practices, against any employee or applicant for employment, denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Contractor shall comply with Executive Order 11246, entitled "Equal Employment Opportunity", as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60).

B. The Contractor shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. If this Agreement contains a consideration in excess of One Thousand Dollars (\$1,000), but not more than One Hundred Thousand Dollars (\$100,000), the Equal Opportunity practices provisions of this Agreement shall be the mandatory contract provisions set forth in Los Angeles Administrative Code Section 10.8.3, in which event said provisions are incorporated herein by this reference. If this Agreement contains a consideration in excess of One Hundred Thousand Dollars (\$100,000), the Affirmative Action Program of this Agreement shall be the mandatory contract provisions set forth in Los Angeles Administrative Code Section 10.8.4, in which event said provisions are incorporated herein by this reference. The Contractor shall also comply with all rules, regulations, and policies of the City's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by City.

C. Any subcontract entered into by the Contractor relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section.

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D. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this program/project. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

§4. Amend Section §416 "Compliance with State and Federal Statutes and Regulations" by adding subsection C as follows:

C. Statutes and Regulations Applicable to all HUD Funded Agreements:

1. Equal Access to HUD-Assisted or Insured Housing

(a) Eligibility for HUD-Assisted or Insured Housing:

A determination of eligibility for housing that is assisted by HUD or subject to a mortgage insured by the Federal Housing Administration (FHA) shall be made in accordance with the eligibility requirements provided for such program by HUD, and such housing shall be made available without regard to actual or perceived sexual orientation, gender identity, or marital status. The terms "sexual orientation" and "gender identity" are defined in 24 CFR §5.100.

(b) Prohibition of Inquiries on Sexual Orientation or Gender Identity:

No owner or administrator of HUD-assisted or HUD-insured housing, approved lender in an FHA mortgage insurance program, nor any (or any other) recipient or subrecipient of HUD funds may inquire about the sexual orientation or gender identity of an applicant for, or occupant of, HUD-assisted housing or housing whose financing is insured by HUD, whether renter- or owner-occupied, for the purpose of determining eligibility for the housing or otherwise making housing available.

This prohibition on inquiries regarding sexual orientation or gender identity does not prohibit an individual from voluntarily self-identifying sexual

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IN WITNESS WHEREOF, the City of Los Angeles and the Contractor have caused this Agreement to be executed by their duly authorized representatives.

APPROVED AS TO FORM:

CARMEN A. TRUTANICH, City Attorney

Executed this _____ day of _____, 2012

By _____
Deputy/Assistant City Attorney
Date _____

For: THE CITY OF LOS ANGELES
RUSHMORE D. CERVANTES
Interim General Manager
Los Angeles Housing Department

ATTEST:
JUNE LAGMAY, City Clerk

By _____
Title _____

By _____
Deputy City Clerk
Date _____

Executed this _____ day of _____, 2012

For: David Paul Rosen &
Associates, Inc.

(Contractor's Corporate
Seal or Notary)

By _____
Print Name _____
Title _____

ATTEST:
By _____
Print Name _____
Title _____

City Business License Number: 0002380603-000-18
Internal Revenue Service ID Number: 94-2981032

Council File Number	Contract/Amendments	Dates
	1 ST Amendment	
10-2440	Original Contract	5/6/2011

Said Agreement is the First Amendment of Agreement Number C-119157 of City Contracts.

EXHIBIT F Professional Fee and Expense

Services will be compensated according to the following fee schedule:

A. Contractor will complete the Preservation Scope of Services/ Deliverables/ Schedule specified under §202 B of this Contract for a fixed fee of Twenty Thousand Dollars (\$20,000). Payment will be made on a percent completion basis as follows:

- \$5,000 upon completion of the kick off meeting;
- \$7,500 upon submission by Contractor of the Administrative Review Draft model; and,
- \$7,500 upon submission by Contractor of the final model.

Contractor will bear the cost of office, phone, insurance, and general operating overhead. LAHD and Contractor will negotiate reasonable costs for any unusual out-of-pocket expenses.

B. Contractor will complete the CRA Transition Analysis Scope of Services specified under §202 B of this Contract for a fee not to exceed Seventy Thousand Dollars (\$70,000). The following fee schedule represents fees per hour and reimbursable expenses for the project;

Principal I	\$325
Principal II	\$300
Senior Associate	\$275
Associate	\$245
Research Associate I	\$215
Research Associate II	\$200
Data Entry, Word Processing, Administrative Assistance and Accounting	\$100