

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: May 17, 2018

CAO File No. 0220-00540-1264

Council File No. 12-0968-S4

Council District: Citywide

To: The Mayor  
The Council

From: Richard H. Llewellyn, Jr., City Administrative Officer 

Reference: Housing and Community Investment Department transmittal dated January 17, 2018; Received by the City Administrative Officer on January 22, 2018; Additional Information Received through May 17, 2018

Subject: **REPORT REGARDING COMMUNITY SURVEY OF AFFORDABLE HOUSING ISSUES WITHIN THE UNIVERSITY OF SOUTHERN CALIFORNIA (USC) NEXUS STUDY AREA**

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### RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the General Manager, Housing and Community Investment Department (HCID), or designee, to:
  - a. Make \$2 million, of the \$10 million the City of Los Angeles received as part of a Development Agreement with the University of Southern California (USC), available for soft loans to qualified applicants of HCID's Pilot Naturally Occurring Affordable Housing (NOAH) Loan Program, approved by the Council on April 24, 2018 (C.F. 17-1258), for the acquisition and rehabilitation of multifamily housing properties at risk of gentrification in the USC Nexus Study Area;
  - b. Amend the Memorandum of Understanding (MOU) with the California Housing Finance Agency (CalHFA) to reflect the addition of the \$2 million for the Pilot NOAH Loan Program soft loans, with CalHFA's matching of the funds, after it has been executed pursuant to C.F. 17-1258. The MOU will establish protocols of cooperation, terms, conditions and oversight of the Pilot NOAH Loan Program, subject to review and approval by the City Attorney as to form;
  - c. Utilize an existing vacant position authority to administer the USC Housing Fund and Programs;

- d. Allocate funding in the below specified amounts for the following USC Affordable Housing Fund Programs; and,

Program	Amount
USC Neighborhood Preservation Fund	\$7,000,000
USC Area Accessory Dwelling Unit (ADU) Demonstration Project that will provide funding for the development of new ADU's and/or ensure unpermitted ADU's in the USC neighborhood are brought up to current codes	620,152
Creation of a USC neighborhood dashboard for the purpose of tracking and analyzing local housing conditions	75,000
Community Education in Homeownership	50,000
<b>TOTAL</b>	<b>\$7,745,152</b>

- e. Prepare Controller instructions and any necessary technical corrections consistent with the Mayor and Council action on this matter, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions; and,

2. Authorize the Controller to:

- a. Transfer appropriation within the Affordable Housing Trust Fund 44G as follows:

Account	Title	Amount
<i>From:</i>		
43L200	USC Specific Plan	\$ 16,056
<i>To:</i>		
43P143	Housing and Community Investment	\$ 10,764
43P299	Reimbursements to the General Fund	5,292
<b>TOTAL</b>		<b>\$ 16,056</b>

- b. Increase appropriations in the amount of \$10,764 within the HCID Fund No. 100/43 as follows:

Account	Title	Amount
001010	Salaries General	\$ 9,360
006030	Leasing	1,404
<b>TOTAL</b>		<b>\$ 10,764</b>

- c. Authorize the City Clerk to place on the agenda on the first regular Council meeting on July 1, 2018, or shortly thereafter, the following instructions:

- i. Authorize, subject to the approval of the Mayor, the Controller to transfer

appropriation within the Affordable Housing Trust Fund 44G as follows:

Account	Title	Amount
<i>From:</i>		
43L200	USC Specific Plan	\$ 199,792
<i>To:</i>		
43TBD	Housing and Community Investment	129,691
43TBD	Reimbursements to the General Fund	70,101
<b>TOTAL</b>		<b>\$ 199,792</b>

- ii. Increase appropriations in the amount of \$129,691 within the HCID Fund No. 100/43 as follows:

Account	Title	Amount
001010	Salaries General	\$ 112,775
006030	Leasing	16,916
<b>TOTAL</b>		<b>\$ 129,691</b>

## SUMMARY

The Housing and Community Investment Department (HCID) requests authority to utilize \$2 million in funding from the City to provide mission-driven organizations funding to acquire and preserve existing multifamily units in the University of Southern California (USC) Nexus Study Area. The \$2 million will augment the \$4 million in recently approved funding for the Pilot Naturally Occurring Affordable Housing (NOAH) Loan Program (C.F. 17-1258). The HCID also requests authority to amend a Memorandum of Understanding (MOU) with the California Housing Finance Agency (CalHFA) for the NOAH Loan Program to include the \$2 million in funding for the USC Nexus Study Area. Additionally, the HCID requests authority to allocate the remaining funds available from the \$10 million initially provided to the City as part of a Development Agreement with USC to four programs: 1) USC Neighborhood Preservation Fund (\$7 million); 2) USC Area Accessory Dwelling Unit Demonstration Project (\$620,152); 3) USC Neighborhood Dashboard (\$75,000); and, 4) Community Education in Homeownership (\$50,000) (Programs). Additional information on these programs is included in HCID's transmittal dated January 17, 2018. Finally, the HCID requests resolution authority for one Senior Management Analyst I position to administer the USC Housing Fund and Programs, also to be funded by the \$10 million from USC, currently in the Affordable Housing Trust Fund. However, this Office recommends that HCID utilize an existing vacant position authority to administer the program. The Controller instructions in this report reflect funding from the Affordable Housing Trust Fund for an existing position authority to administer the program in 2017-18 and 2018-19. This Office concurs with the recommendations of the Department, as amended.

### Timing and Additional Actions

The HCID has confirmed that the MOU with CalHFA establishing protocols for the recently approved NOAH Loan Program is still in the process of execution. Once the MOU has been executed, HCID could amend the MOU to reflect the additional \$2 million for soft loans from the City for the USC Nexus Study Area. The Department also reports that the additional \$2 million could leverage additional funding from CalHFA for permanent loans for projects in the NOAH Loan Program. Subsequent to Council's approval of the four USC Affordable Housing Fund Programs discussed in HCID's report, the Department will return to Council with a transmittal requesting the release of four Request for Proposals related to the Programs.

### Staffing

In the City Administrative Officer 2018-19 Budget Memo No. 101 to the Budget and Finance Committee, our Office noted that the Housing Development Bureau (HDB), which would administer the USC Affordable Housing Fund Programs, had 29 vacancies as of April 19, 2018. The Department could hire and fill the 29 vacancies with existing funding resources. Our Office recommended that after HCID has filled its vacancies, it should then comprehensively assess its need for additional staffing.

As of May 1, 2018, the HCID had five vacant Senior Management Analyst I positions. This Office recommends that HCID utilize an existing vacant position authority to administer the USC Housing Fund and Programs until the Department has filled remaining vacancies and conducted a comprehensive assessment of additional staffing needs for the HDB. Any requests for additional resources could be requested after this assessment and considered at a later date.

### **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund. The recommended actions comply with City Financial Policies in that they are fully funded by the Affordable Housing Trust Fund.

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