

**TRANSMITTAL**

To:

**THE COUNCIL**

Date:

**MAR 3 2014**

From:

**THE MAYOR**

**TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.**

*Eric Garcetti*

*Eric Garcetti*  
**ERIC GARCETTI**  
Mayor



Eric Garcetti, Mayor  
Rushmore D. Cervantes, Interim General Manager

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February 10, 2014

Council File: 13-1105  
Council Districts: Citywide  
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OFFICE OF THE MAYOR  
CITY OF LOS ANGELES  
FEB 25 PM 12:46  
CITY OF LOS ANGELES

The Honorable Eric Garcetti  
Mayor, City of Los Angeles  
200 N. Spring Street, Room 303  
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

**TRANSMITTAL: REQUEST TO APPROVE CONTRACTOR SELECTED THROUGH A REQUEST FOR PROPOSALS (RFP) FOR PROVIDING TENANT RELOCATION ASSISTANCE SERVICES AND REQUEST TO AUTHORIZE THE LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT (HCIDLA) TO EXECUTE CONTRACT**

**Summary**

Pursuant to Council File Number 13-1105 dated October 18, 2013, the HCIDLA issued an RFP on October 22, 2013, to solicit qualified firm(s) to provide tenant relocation assistance services. Subsequently, two proposals were received. The HCIDLA has completed a thorough review of the proposals and recommends that a contract be awarded to Paragon Partners LTD.

The HCIDLA proposes the new contract with Paragon Partners LTD to commence on or about May 1, 2014, for a one-year period with an option to extend for two additional periods for up to one year each, for a total not to exceed three years, subject to available funding and approval by the Mayor and City Council. The projected annual program cost of \$500,000 will be supported by the fees collected from landlords. Landlords shall pay the City a fee for the purpose of providing relocation assistance services by the City's relocation assistance service provider to tenants in accordance with the Los Angeles Municipal Code.

A copy of this transmittal, along with the draft contract, has been forwarded to the City Attorney for concurrent review and approval as to form.

On May 13, 2013 the Personnel Department completed a 1022 Determination and determined that there is insufficient City staff to complete the required work and the use of a private contractor would ensure the timely deliverance of services to displaced tenants in order to be in compliance with the LAMC. On November 19, 2013 the Office of the City Administrator Officer completed a 1022 Determination and determined that there is insufficient existing City staff to perform the work proposed to be contracted and additional staff cannot be employed and trained in a timely manner to meet the department's needs.

### **Recommendations**

The General Manager of the Los Angeles Housing and Community Investment Department (HCIDLA) respectfully requests that this transmittal be scheduled for consideration at the next available meeting(s) of the appropriate City Council committee(s) and scheduled for consideration by the full City Council immediately thereafter.

The HCIDLA General Manager further recommends that the City Council, subject to the approval of the Mayor, take the following actions:

1. AUTHORIZE the General Manager of the HCIDLA, or designee, to execute a contract with Paragon Partners LTD in the amount of \$500,000 to provide tenant relocation assistance services to qualified displaced tenants under the Los Angeles Municipal Code, for a one-year period to commence on or about May 1, 2014, with an option to extend for two additional periods for up to one year each, for a total not to exceed three years, subject to the approval of the City Attorney as to form.
2. AUTHORIZE the City Controller to:
  - a. Transfer appropriations within Rent Stabilization Trust Fund 440/43 by roll over uncommitted amount as follows:

From:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
43C208	Relocation Assistance Service	\$ 74,908.00
43E208	Relocation Assistance Service	\$120,000.00
43F208	Relocation Assistance Service	<u>\$305,092.00</u>
	Total:	\$500,000.00

To:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
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43K208                      Relocation Assistance Service                      \$500,000.00

- b. Expend funds not to exceed \$500,000 from the above fund and account for the Relocation Assistance Service provider program to provide services upon proper written demand of the General Manager, HCIDLA, or designee.
3. AUTHORIZE the General Manager of the HCIDLA or designee, to prepare Controller instructions and make any necessary technical adjustment consistent with the Mayor and Council action on this and other approved projects, subject to the approval of the City Administrative Officer (CAO), and instruct the Controller to implement the instructions.

### **Background Information**

Currently, there is a critically short supply of rental housing in the City of Los Angeles. The occupancy rate in 2013 for units under the Rent Stabilization Ordinance (RSO) was at 96.3% with an average asking rental rate of \$1,578 (Real Facts Annual Rental Trends, 2013). The annual income needed to afford the average asking rental rate is \$63,120. However, the average median household in the City of Los Angeles is only \$49,745 (US Census, 2012). The loss of ownership status of many households has led to an increased demand for rental units, which in turn has driven up rental rates in the Los Angeles rental market. The rental housing scarcity is further aggravated by the removal of housing units through no-fault evictions.

From 2001 through 2013, over 18,000 rental housing units have been removed from the rental market through conversion to condominiums, demolitions, removals pursuant to the Ellis Act and removals of units for owner occupancy. Tenants displaced for no-fault evictions face serious difficulties in locating comparable replacement rental housing. The difficulties in locating replacement housing are exacerbated for elderly tenants, those with physical limitations, families with minor dependent children, and families with low incomes.

Because the removal of units from the rental market has substantially contributed to the rental housing shortage, including a wave of condominium conversions in the early 2000's when approximately 11,000 rent-stabilized units were removed or converted in a five-year period, the City Council adopted an ordinance to mitigate the effects of displacement on tenants. Pursuant to Council File Number 06-1325 dated April 11, 2007, the City Council adopted an ordinance (Ordinance 178632, effective May 26, 2007) amending various sections of the Los Angeles Municipal Code to create an improved tenant relocation assistance program. The Ordinance significantly increased the relocation payments landlords must pay tenants in no-fault evictions pursuant to Los Angeles Municipal Code sections 46.06, 46.07 and 151.09.G to cover the first and last month's rent and the difference in rental rates for 18 months.

The Ordinance also established the requirement that the HCIDLA contract with a relocation assistance consultant to further assist tenants in locating comparable replacement units. The Ordinance defined a relocation assistance contractor as “a company that specializes in relocation assistance and has a contract with the City for the delivery of those services.” This type of relocation service is typically performed by companies with expertise in relocation requirements under federal, state and City law, and the City Personnel Department has determined City staff is neither trained, nor available to perform this function. The role of the contractor is to contact each tenant household who will be displaced, assess their replacement unit needs and obtain necessary supporting documentation and information to determine the amount of relocation fees the tenants are entitled to and to provide them with listings of available rental units, tailored to meet their needs. The contractor will also provide transportation or ambulatory services, if needed by the tenants. The contractor will respond to tenants’ inquiries and share their determinations with the landlord and HCID. By using a City selected contractor who can provide services citywide at locations and times convenient to tenants, including evenings and weekends, the City ensures a common reasonable standard in the relocation services provided to each tenant. Because the volume of no-fault tenant displacements fluctuates based on the rental housing market, vacancy rate and property owners’ economic decisions, utilizing the services of an outside contractor is the most efficient way to ensure that tenants receive the services needed.

Relocation services provided are funded entirely by fees paid by property owners who elect to evict tenants for permissible no-fault reasons, such as to demolish or convert rental units to other use, including condominiums, for owner or resident manager occupancy, and to comply with a government agency order. Consequently, there is no impact to the General Fund.

In 2007, the City Council instructed the LAHD to immediately prepare an RFP to solicit and retain qualified contractors for the Relocation Assistance Provider Program (Council File Number 06-1325-S1 dated April 11, 2007). On October 23, 2007, the LAHD negotiated and executed a contract with Paragon Partners, Ltd. to provide tenant relocation assistance services, with particular emphasis on seniors, tenants with disabilities, and families with minor dependent children. In 2011, a new contract for a one year term, renewable for two additional one year terms, was awarded to Paragon Partners through another RFP competitive bids process (Council File Number 10-1013 dated July 13, 2010). During the period from October 2007 to December 2013, Paragon Partners provided assistance to 2,294 households, of which 1,025 of the households had senior citizen(s), minor dependent(s), person(s) with disabilities, or low income tenants. Through this program, from 2007-2013, relocation assistance totaling over \$27,500,000.00 was obtained for tenants facing no-fault evictions.

Finally, with the impending expiration of the current contract with Paragon Partners, the City Council authorized the HCIDLA to release an RFP on October 18, 2013 (C.F. 13-1105). City Council also authorized the HCIDLA to extend the term of the current contract with Paragon Partners for four months to prevent any lapse in service while the

RFP process is completed. The Third Amendment was executed on December 5, 2013.

### **Contract Scope of Work and Payment**

The Contractor shall perform services associated with the relocation of evicted households in compliance with the Los Angeles Municipal Code (LAMC) Sections 151.09G, 47.06, and 47.07. The Contractor will assess tenants' household status and determine the amount of relocation assistance fees tenants are entitled to. The Contractor will also assess the needs of the tenants to assist them in finding replacement rental units and facilitating the release of the relocation fees from the landlord to the tenants. The Contractor will provide transportation services to inspect replacement units and ambulatory services for disabled tenants, if required. In addition to assisting tenants in their relocation needs, the Contractor will work closely with HCIDLA and provide timely determinations and monthly reports.

The fees to the Contractor are paid by the landlords who evict tenants for certain no-fault reasons permitted under the RSO, such as owner occupancy, to install a resident manager, or for demolition or permanent removal of the unit from the rental housing market. The Contractor is paid a fee per household assisted. Households with minor dependent children, disabled persons, or seniors residing in the household are determined to be "Qualified" households. The Contractor receives a fee of \$693 for each Qualified household. Households who do not meet the Qualified criteria are determined to be "Eligible" households. The Contractor receives a \$432 fee for each Eligible household they assist. The fees are set in accordance to LAMC 151.09.G.1.d and 151.06.D. The total compensation will depend on the number of households evicted by landlords during the course of this contract.

### **Request for Proposals (RFP) Process**

On October 22, 2013, the HCIDLA issued and released a RFP to solicit responses from interested organizations/firms to provide tenant relocation assistance services. The RFP was advertised in the Daily Journal and posted on the City's Business Virtual Network ([www.labavn.org](http://www.labavn.org)) and HCIDLA's web page.

Proposals were accepted only from individuals or organizations that met the following criteria:

1. Have no outstanding debts to the City of Los Angeles.
2. Are qualified to conduct business in the State of California.
3. Have at least three (3) years experience performing housing relocation and referral services for low and moderate income tenants (as individuals or in groups), and knowledge of landlord/tenant laws.

4. Have the ability to operate the relocation assistance service program immediately upon contract execution.
5. Have the ability to offer services in both English and Spanish, at minimum, and arrange translation services for other languages as needed. It is desirable for all applicants to have conflict resolution experience between landlords and tenants to resolve disputes while remaining as neutral as possible.
6. Have not been determined to be non-responsible or been debarred by the City pursuant to the Contractor Responsibility Ordinance.
7. Have not been debarred by the federal government, State of California or local government.
8. Are in good standing with the Secretary of State, if proposers are corporations or limited liability companies.
9. Experience in working with public service organizations is preferred.

During the preliminary review, two proposals received in response to the RFP were deemed responsive for further evaluation. The HCIDLA formed a review team consisting of four HCIDLA staff, who conducted a thorough review of the proposals submitted. The panelists who evaluated the proposals were selected to reflect different perspectives and expertise: a Community Housing Program Manager from the Housing Finance and Development Division, a Housing, Planning, and Economy Analyst from the Policy and Planning Division, a Senior Housing Investigator from the Investigations and Enforcement Section, and a Senior Management Analyst from the Rent Division were selected to complete the evaluations. The review team included staff with expertise in the RSO, including tenant evictions and relocation assistance requirements under the RSO and the federal Uniform Relocation Act (URA); development of affordable housing; and policy and statistical knowledge of the housing needs in the City of Los Angeles. Each proposal was evaluated on its own merit for content, responsiveness, conciseness, clarity, relevance, cost and strict adherence to the instructions in the RFP.

The criteria for evaluating proposals included the following:

Evaluation Criteria	Maximum Score
Experience and Demonstrated Ability - Experience and qualifications of project manager, key personnel, and subcontractors.	35 points
Program Strategies, Procedures, and Resources - Quality and creativity of housing referral and tenant relocation strategies as evidenced by past performance, and use of available resources and/or network to maximize the effectiveness of the Tenant	35 points

Relocation Assistance Services Program.	
Understanding of the goals and objectives of the Tenant Relocation Assistance Services Program, as well as understanding of the Rent Stabilization Ordinance and the relevant Los Angeles Administrative Code Sections.	20 points
Proposed fee schedule and allocation of costs.	10 points
Total	100 points

The table below indicates the final average scores awarded each applicant.

**Written Proposal Scores:**

Applicant	Number of Evaluators	Average Score (100 points maximum)
Overland, Pacific, and Cutler	4	77.75
Paragon Partners Ltd.	4	89.5

**Interview Scores:**

Applicant	Number of Evaluators	Average Score (30 points maximum)
Overland, Pacific, and Cutler	5	22.8
Paragon Partners Ltd.	5	27.8

Paragon Partners LTD, the RFP applicant with the highest average score, was selected by the review team to contract with the City for providing tenant relocation assistance services, subject to the approval of the Mayor and City Council.

The remaining applicant has been informed in writing that their proposal was not selected. No written letter of appeal of the result as described in the RFP was received.

**Fiscal Impact Statement**

There is no impact to the General Fund. The contract will be supported by fees paid by landlords who elect to evict tenants for permissible no-fault reasons. The fees are deposited in the Relocation Deposit Account of the Rent Stabilization Trust Fund.



Prepared by:



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ROSA BENAVIDES  
Senior Management Analyst I  
Rent Stabilization Division

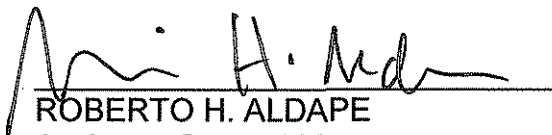
Reviewed by:



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ANNA ORTEGA  
Director of Enforcement Operations  
Rent Stabilization Division

Reviewed by:



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ROBERTO H. ALDAPE  
Assistant General Manager  
Los Angeles Housing and Community Investment Department

Approved by:



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RUSHMORE D. CERVANTES  
Interim General Manager  
Los Angeles Housing and Community Investment Department

**Attachments**

- Scope of Work
- Draft contract