

TRANSMITTAL

To:

THE COUNCIL

Date: NOV 07 2014

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Ana Guerrero)

ERIC GARCETTI
Mayor



Rec'd
10/31/14



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Housing Development Bureau
1200 West 7th Street, Los Angeles, CA 90017
tel 213.808.8638 | fax 213.808.8610
hcidla.lacity.org

October 16, 2014

Council File No.: 13-1574
Council District: Citywide
Contact Persons:
Brittanya Murillo, (213) 808-8656
Tsegalem Woldemariam, (213) 922-9664

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

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: REQUEST FOR APPROVAL TO EXECUTE CONTRACT AMENDMENT WITH URBAN FUTURES BOND ADMINISTRATION, INC. TO CONDUCT OCCUPANCY MONITORING OF AFFORDABLE HOUSING

SUMMARY

The General Manager of the Los Angeles Housing and Community Investment Department (HCIDLA) hereby respectfully requests authority to execute a First Amendment to the contract C-123803 with Urban Futures Bond Administration, Incorporated (UFBA) to continue to conduct occupancy monitoring of the City's affordable housing inventory. The proposed amendment to the contract will extend the term by 12 months and add compensation of \$710,000. Under administrative oversight by the HCIDLA, UFBA conducts occupancy monitoring of the HCIDLA's Affordable Housing Inventory to ensure compliance with the rent and income restrictions codified in the City's affordable housing regulatory agreements and Land Use covenants. The contract amendment is needed to fulfill the occupancy monitoring of the affordable housing portfolio for Calendar Year 2014-2015. Please see Attachment A for a copy of the draft contract amendment.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that:

- I. Your office refer and schedule this transmittal at the next available meeting(s) of the appropriate City Council committee(s) and forward it to the City Council for consideration and approval immediately thereafter;
- II. The City Council, subject to the approval of the Mayor:
 - A. Authorize the General Manager of HCIDLA, or designee, to:

1. Execute a First Amendment to Contract No. C-123803 with Urban Futures Bond Administration, Incorporated, augmenting the compensation by an amount of \$710,000 for a total contract amount not to exceed \$1,390,000 utilizing Low and Moderate Income Housing Funds (No. 55J), Municipal Housing Finance Funds (No. 815), and HOME funds (No. 561), and extending the performance term by one year through December 31, 2015, in substantial conformance with the attached draft amendment and subject to the following: a) funding availability; b) satisfactory Contractor performance; c) Department need; d) compliance with all applicable Federal, State and City regulatory requirements; e) approval of the City Attorney as to form; and, f) adherence with City contracting requirements.
- B. Authorize the use of \$90,300 of Low and Moderate Income Housing Funds received from former Community Redevelopment Agency projects transferred to HCIDLA to pay for occupancy monitoring services related to these projects.
- C. Authorize the Controller to:
1. Establish new account and appropriate within Fund No. 55J, Low and Moderate Income Housing Fund as follows:

<i>Account</i>	<i>Title</i>	<i>Amount</i>
43L243	Occupancy Monitoring	\$90,300

2. Expend up to an amount not to exceed \$710,000 upon proper demand of the General Manager of HCIDLA, or designee, as follows:

<i>Fund</i>	<i>Account</i>	<i>Title</i>	<i>Amount</i>
55J	43L243	Occupancy Monitoring	\$90,300
561	43L243	Occupancy Monitoring	\$430,000
815	43L243	Occupancy Monitoring	\$189,700
		<i>Total</i>	\$710,000

3. Expend funds upon proper demand of the General Manager of HCIDLA, or designee; and,
- D. Authorize the General Manager of HCIDLA, or designee, to prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and City Council action on this matter, subject to the approval of the City Administrative Officer, and request the Controller to implement these instructions.

BACKGROUND

HCIDLA’s affordable housing inventory consists of approximately 1,000 properties and 20,000 units. These properties are subject to one or more recorded regulatory agreements or covenants, which are placed on the property when the owner receives financing through the City’s Affordable Housing Trust Fund (AHTF), from Multi-family Housing Revenue Bonds issued by the City, other loans and grants, and/or when the owner has received a land use concession, such as a density bonus or parking reduction. Recently added to the existing portfolio are 23,000 additional affordable units that were restricted by covenants issued by the Los Angeles Community Redevelopment Agency (CRA/LA). The addition of

the CRA/LA units more than doubles the number of units that are to be monitored for occupancy. HCIDLA is charged with annual occupancy monitoring of the affordable units set aside in these covenants and regulatory agreements for up to 55 years to ensure compliance with rent, income, and other programmatic restrictions.

Selected through a competitive RFP process, UFBA has contracted with HCIDLA since 2003 to provide occupancy monitoring services. During this time, HCIDLA's affordable housing portfolio has grown from nearly 12,000 units to over 43,000 units, including CRA/LA units. UFBA has developed the increasingly complex, expert and technical knowledge necessary to professionally monitor HCIDLA's expanding portfolio. HCIDLA has worked diligently with UFBA to develop and enforce contract requirements that have led to the successful monitoring of HCIDLA's database and provided an accurate tracking and documentation system. Further, in 2012, UFBA significantly increased efficiencies in collecting and tracking monitoring documents by developing a web application allowing owners to upload them directly to the password protected website. UFBA has also been highly responsive to the needs of HCIDLA by ensuring its web-based application interfaces seamlessly with HCIDLA's own Housing Information Management System (HIMS), which includes an occupancy monitoring module to track each project's monitoring and compliance status.

Current Year Performance Measured Against Expectations

Pursuant to the existing contract in 2014, UFBA has completed the following tasks in 2014 and will continue to do so in 2015:

- Calculated the income and rent tables based on the HUD rent and income limits, and submitted to HCIDLA for approval.
- Distributed to all owners, and specified project contacts the updated income/rent schedules and utility allowances for their projects.
- Collected tenant certifications after initial lease-up as required by program type and reviewed for accuracy.
- Conducted on-site property audits for HOME-funded properties.
- Designed a web portal that is accessible to owners/managers so that they may view a five-year history of compliance status for their project.
- Sent notification letters to former Community Redevelopment Agency (CRA) project managers.
- Submitted monthly compliance reporting and Cash Requests to HCIDLA.
- Monitor the projects in the Affordable Housing Inventory for compliance with the appropriate program regulations.

In April 2014, HCIDLA conducted its annual site visit to UFBA's office to review project/tenant files for several properties being monitored by UFBA. HCIDLA staff was very satisfied with the timeliness and results produced by UFBA staff. After evaluating UFBA's overall performance during the past nine months, HCIDLA firmly recommends that UFBA receive a contract extension for one additional year.

FISCAL IMPACT

There will be no impact on the City's General Fund.

Prepared by:



BRITTANYA MURILLO
Manager
Occupancy Monitoring/Compliance Unit

Reviewed by:



DOUG SWOGER
Director
Asset Management Division



HELMI HISSERICH
Assistant General Manager

Approved by:



RUSHMORE D. CERVANTES
General Manager

DS:BM