

TRANSMITTAL

To:

THE COUNCIL

Date: 02/17/2016

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Ana Guerrero)

ERIC GARCETTI
Mayor



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

February 16, 2016

Council File No.: 13-1574
Council District: Citywide
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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 AUTHORITY TO EXECUTE SECOND AMENDMENT TO CONTRACT WITH URBAN FUTURES BOND ADMINISTRATION, INCORPORATED TO CONDUCT OCCUPANCY MONITORING OF AFFORDABLE HOUSING

SUMMARY

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) requests authority to execute a Second Amendment to the contract with Urban Futures Bond Administration, Incorporated (UFBA) to continue to conduct occupancy monitoring of the City's affordable housing portfolio. The proposed amendment to the contract will extend the term by 12 months and add compensation of \$1,008,988. Under administrative oversight by HCIDLA, UFBA conducts occupancy monitoring of HCIDLA's affordable housing portfolio to ensure compliance with the rent, income, and occupancy restrictions codified in the City's affordable housing regulatory agreements and Land Use Covenants. The contract amendment is needed to perform the occupancy monitoring of the affordable housing portfolio for calendar year 2016.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that:

- I. Your office refer schedule this transmittal at the next available meeting(s) of the appropriate Committee(s) of the City Council and forward it to the Council for consideration and approval immediately thereafter;

II. The Council, subject to the approval of the Mayor, take the following actions:

- A. Authorize the General Manager of HCIDLA, or designee, to execute a Second Amendment to Contract No. C-123803 with Urban Futures Bond Administration, Inc., extending the performance term by one year through December 31, 2016 and augmenting the compensation by \$1,008,988 for a total contract amount not to exceed \$2,398,988. The additional amount of \$1,008,988 will be funded by: (a) available funds appropriated in the Municipal Housing Finance Fund No. 815 for \$180,000 and HOME Investment Partnerships Program Fund No. 561 for \$300,300; and (b) new appropriation from the Low and Moderate Income Housing Fund No. 55J for \$528,688. The contract amendment shall be in substantial conformance with the attached draft amendment, subject to the following: (a) funding availability; (b) satisfactory contractor performance; (c) Department work requirements; (d) compliance with applicable Federal, State, and City regulatory requirements; (e) adherence with City contracting requirements; and (f) approval of the City Attorney as to form.
- B. Authorize the use of \$528,688 from available cash balance of the Low and Moderate Income Housing Fund to pay for the occupancy monitoring services related to projects transferred from the former Community Redevelopment Agency of Los Angeles (CRA/LA).
- C. Authorize the City Controller to:
1. Establish a new account within the Low and Moderate Income Housing Fund No. 55J and appropriate funds as follows:

<i>Account</i>	<i>Title</i>	<i>Amount</i>
43M243	Occupancy Monitoring	\$ 528,688

2. 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 portfolio consists of properties that are subject to one or more regulatory agreements or affordability covenants recorded on the property's title. The affordability restrictions were established when the project received:

- financing through the City's Affordable Housing Trust Fund (AHTF);
- Multi-family Housing Revenue Bonds issued by the City;
- other loans or grants; and/or
- a land use benefit/concession, such as a density bonus, parking reduction, Mello Act, or discretionary planning determinations.

HCIDLA is responsible for the annual occupancy monitoring of projects for a term of up to 55 years. Through UFBA, all projects are monitored annually to ensure compliance with rent, income, occupancy, and other programmatic restrictions mandated by the U.S. Department of Housing and Urban

Development (HUD), Federal tax laws, State, and City requirements. The CRA/LA units more than doubled the size of the existing affordable housing portfolio to approximately 43,000 income-restricted units in 1,400 properties throughout the City.

HCIDLA contracted with UFBA through a competitive Request for Proposal process. Since 2003, UFBA has provided occupancy monitoring services to the City. During this time, HCIDLA's affordable housing portfolio grew from nearly 12,000 to 43,000 units. Over the years, UFBA has developed an increasingly complex, expert and technical knowledge necessary to professionally monitor HCIDLA's diverse portfolio. HCIDLA worked diligently with UFBA to develop and enforce contract requirements that have led to the successful monitoring of HCIDLA's portfolio and provided an accurate tracking and documentation system. In 2012, UFBA significantly increased efficiencies in collecting and tracking monitoring documents by developing an online platform, which allows owners to upload their reports directly to a secured website. UFBA has also provided technical assistance to owners of affordable housing developments on the phone, via email and at formal training sessions.

Current Year Performance Measured Against Expectations

In August 2015, HCIDLA staff conducted its annual site visit of UFBA's office to review project/tenant files monitored by UFBA. HCIDLA staff is very satisfied with the timeliness and results produced by UFBA staff. During the contract period, the rate of projects' compliance with tenant's household income and affordable rent requirements exceeded 90%. Based upon the evaluation of UFBA's performance during the past two years, HCIDLA recommends that the UFBA contract be extended for one additional year. The draft contract amendment is provided as Attachment A of this transmittal.

Pursuant to the contract, UFBA's responsibilities will include, but not be limited to the following tasks in 2016:

- Calculate the income and rent tables based on the HUD rent and income limits, and submit to HCIDLA for approval;
- Distribute to all owners and specified project contacts the updated income/rent schedules and utility allowances for their projects;
- Collect tenant certifications after initial lease-up as required and review for accuracy;
- Conduct on-site property audits for HOME-funded properties;
- Support a web portal that is accessible to property owners/managers so that they may view a five-year history of compliance status for their projects;
- Send notification letters to owners of CRA/LA-restricted projects;
- Submit monthly compliance reporting and Cash Requests to HCIDLA;
- Monitor projects in the affordable housing portfolio for compliance with the appropriate program regulations; and
- Review files for fair housing compliance with Americans with Disabilities Act and Section 504 of the Rehabilitation Act.

FISCAL IMPACT

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

Prepared by:



ANGELES MOJICA
Management Analyst II
Occupancy Monitoring/Compliance Unit

Prepared by:

For *Beyulim*

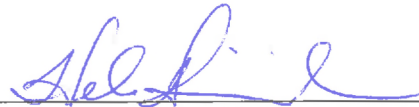
BRITTANYA MURILLO
Manager
Occupancy Monitoring/Compliance
Unit

Reviewed by:



DOUG SWOGER
Director
Asset Management Division

Reviewed by:



HELMI HISSERICH
Assistant General Manager

Reviewed by:



LAURA K. GUGLIELMO
Executive Officer

Approved by:



RUSHMORE D. CERVANTES
General Manager

DS:BM:AM

Enclosure

SECOND AMENDMENT
TO AGREEMENT NUMBER C-123803 OF CITY CONTRACTS
BETWEEN THE CITY OF LOS ANGELES
AND
URBAN FUTURES BOND ADMINISTRATION, INC.
RELATING TO
OCCUPANCY MONITORING OF AFFORDABLE HOUSING SERVICES

THIS SECOND AMENDMENT to Agreement Number C-123803 (Agreement) of City of Los Angeles Contracts is made and entered into by and between the City of Los Angeles, hereinafter referred to as the City, and **Urban Futures Bond Administration, Incorporated (UFBA)**, a California for profit, corporation, hereinafter referred to as the Contractor.

WITNESSETH

WHEREAS, the City and the Contractor have entered into an Agreement wherein Contractor shall provide certain compliance monitoring services under the City's Affordable Housing Occupancy Monitoring Program, said Agreement effective January 1, 2014 and subsequently amended, which together with all amendments thereto shall hereinafter be referred to as the Agreement; and

WHEREAS, Section 505 of the Agreement provides for amendments to the Agreement; and

WHEREAS, the Agreement contemplated that modifications and closed activities may be required after the time set forth in "Section 201 Time of Performance" of the Agreement; and

WHEREAS, the City and the Contractor are desirous of amending the Agreement as authorized by City Council and Mayor (refer to C.F. #13-1574 dated December XX, 2015 and concurred by the Mayor on December XX, 2015), which authorizes the General Manager of the Los Angeles Housing and Community Investment Department to prepare and execute an amendment to the Agreement for the purpose of (a) adding additional funds in the amount of One Million Eight Thousand Nine Hundred Eighty-Eight Dollars (**\$1,008,988**) for a new total of Two Million Three Hundred Ninety-Eight Thousand Nine Hundred Eighty-Eight Dollars (\$2,398,988); (b) renewing the contract for an additional twelve months for a new ending date of December 31, 2016; and (c) making such other changes as are required in connection with the foregoing, all as detailed elsewhere in the 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 upon execution, as follows:

SECOND AMENDMENT

1. Amend Section 201, Time of Performance, by deleting the current end date of December 31, 2015, and replacing it with the new ending date of December 31, 2016.

This Amendment adds an additional twelve (12) months for a total term of thirty-six (36) months.

2. Amend Section 301, A, Compensation and Method of Payment, by deleting the current total dollar amount of One Million Three Hundred Ninety Thousand Dollars (\$1,390,000) and replacing it with the new total of Two Million Three Hundred Ninety-Eight Thousand Nine Hundred Eighty-Eight Dollars (\$2,398,988).

This amendment adds One Million Eight Thousand Nine Hundred Eighty-Eight Dollars (**\$1,008,988**) for a new total of Two Million Three Hundred Ninety-Eight Thousand Nine Hundred Eighty-Eight Dollars (\$2,398,988).

3. Except as herein amended, all terms and conditions of the Agreement shall remain in full force and in effect.
4. This Amendment is executed in four (4) duplicate originals, each of which is deemed to be original. This Amendment includes four (4) pages and one Exhibit, which constitutes the entire understanding and agreement between the parties.

SPACE BELOW LEFT INTENTIONALLY BLANK

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

APPROVED AS TO FORM:
MICHAEL FEUER
City Attorney

Executed this _____ day of _____, 2015

By: _____
Deputy / Assistant City Attorney

Date: _____, 2015

For THE CITY OF LOS ANGELES
Rushmore D. Cervantes
General Manager
Los Angeles Housing and Community
Investment Department

By: _____

Title: _____

ATTEST:

Holly Wolcott, City Clerk

By: _____
Deputy City Clerk

Date: _____, 2015

Executed this _____ day of _____, 2015

For: Urban Futures Bond Administration, Inc.

By: _____
MARSHALL F. LINN
Chief Executive Officer

(Contractor's Corporate Seal)

City Business License Number: 948691-43
IRS ID Number: 95-4641627

Council File Number	Contract/Amendments	Approval Dates
Council File No. 13-1574	Original Contract	12/13/2013 with Mayor's concurrence 12/23/2013
Council File No. 13-1574	First Amendment	12/16/2014 with Mayor's concurrence 12/22/2014
Council File No. 13-1574	Second Amendment	12/XX/2015 with Mayor's concurrence 12/xx/2015

Said Agreement is Number C-123803 of City Contracts, Amendment 2