

REPORT FROM

Date: 12/4/13

Submitted in Housing Committee

Council File No: 13-1574

Item No.: 1

**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

*Report from the  
City Administrative  
Officer*

Date: December 4, 2013

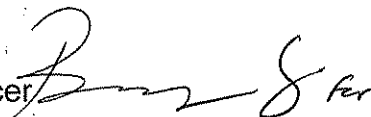
CAO File No. 0220-05400-1075

Council File No. 13-1574

Council District: All

To: The Mayor  
The Council

From: Miguel A. Santana, City Administrative Officer



Reference: Housing and Community Investment Department Transmittal dated November 13, 2013; Received by the City Administrative Officer on November 22, 2013

Subject: **RESULTS OF THE OCCUPANCY MONITORING SERVICES REQUEST FOR PROPOSALS AND AUTHORITY TO CONTRACT FOR OCCUPANCY MONITORING SERVICES**

**SUMMARY**

The Housing and Community Investment Department (HCID) requests authorization to negotiate and execute a contract with Urban Futures Bond Administration, Inc. (UFBA), to provide occupancy monitoring services for the City's affordable housing portfolio. The term would be for one year from January 1, 2014 through December 31, 2014, with two one-year renewal options. The amount of the contract would be up to \$480,000 on an as-needed basis which would be paid from the HOME Investment Partnerships Program Fund (HOME, \$180,000) and the Municipal Housing Finance Fund (MHFF, \$300,000). This Office recommends approval of the request and also recommends that the Mayor and Council approve the Request for Proposals process followed by HCID to select UFBA. The recommendations comply with City Financial Policies in that the full cost of the services provided is funded entirely by special funds designated for occupancy monitoring.

**Background**

Occupancy Monitoring

The HCID portfolio of affordable housing consists of more than 43,000 units and is expected to increase by 3,000 units over the next three years. 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), Multi-family Housing Revenue Bonds issued by the City, federal and state programs, other loans and grants, and/or when the owner has received a land use concession, such as a Density Bonus. Approximately 23,000 of the affordable units were recently acquired from the Community Redevelopment Agency of Los Angeles (CRA/LA), which more than doubled the HCID portfolio.

Due to the significant increase in the number of units, HCID states that it is essential to contract for occupancy monitoring services to provide professional, expert and technical knowledge necessary to assume the additional responsibilities for monitoring the housing projects on an annual basis. The regulatory agreements include visiting sites, calculating allowable rents and incomes, determining compliance with various program guidelines. The Department indicates that it does not have the resources to monitor such a specialized database of projects, nor does it have sufficient staff to conduct mandatory site visits or review the amount of documentation generated by the housing regulations and covenants. Failure to monitor federal financing programs or to provide documentation of successful monitoring could result in the loss of affordable housing stock, disallowed costs requiring the repayment of grant funds, and potential lawsuits for failure to perform a mandatory duty.

### Request for Proposals

In February 2013, HCID requested authority to negotiate and execute a sole source contract with Urban Futures, Inc. (UFI) to provide occupancy monitoring services. On the advice of the City Attorney and with the concurrence of HCID, this Office recommended amending the existing contract with UFI while HCID issued an RFP to establish a new contract for occupancy monitoring services (C.F. 12-0901). The Council and the Mayor approved the CAO recommendation in October 2013.

On August 5, 2013, HCID released the RFP for Affordable Occupancy Monitoring Services. The RFP stated that HCID sought to contract with one or more firms to provide monitoring services for a majority of its projects. Proposers were allowed to submit proposals to provide monitoring services in several program categories.

The Department posted the RFP on the City's Business Assistance Virtual Network (LABAVN) and sent announcements to all Council offices. In addition, HCID staff contacted organizations that specialize in affordable housing and have property management expertise and also notified former HCID contractors about the RFP. The RFP was advertised in the Daily Journal. Representatives from seven organizations attended the Proposers Conference on August 14, 2013. The sign-in sheet for the Proposers Conference is included in the HCID transmittal dated November 13, 2013. The Department received more than 16 questions from potential bidders. The answers were posted on the LABAVN website. The Department received proposals from UFBA and Intuitive Real Estate Solutions, LLC/ValuFinders, Inc. by the September 13, 2013 submission date.

The proposals were reviewed to ensure that they met the mandatory submission requirements as specified in the RFP. Subsequently, the proposals were evaluated independently by a panel consisting of three HCID employees. The evaluation was based on 100 points as follows:

- Demonstrated effectiveness and capacity – 40 points
- Quality and responsiveness of proposal – 40 points
- Fees for services – 20 points

For each proposal the scores from the three panelists were averaged. Urban Futures Bond Administration received a score of 94 percent and Intuitive Real Estate Solutions, LLC/ValuFinder, Inc. received a score of 43 percent. The Department notified each firm about their score and the appeal process via e-mail and by the U.S. Postal Service. No appeals were filed. A summary of the rating sheets is included in the HCID transmittal dated November 13, 2013. The Department followed the City's standard RFP and contracting process.

### Charter Section 1022

The HCID submitted a Charter Section 1022 review to the Personnel Department in conjunction with the request for a sole source contract for occupancy monitoring services. The Personnel Department identified classifications in the City with the necessary qualifications to carry out certain portions of the work. However, LAHD found that the staff in other departments was not available. Furthermore, although HCID does have employees who could perform the work, HCID and Personnel indicate that the work exceeds staffing availability. The Personnel Department confirmed that the Charter Section 1022 determination for the sole source contract applies to the current contract; therefore, a new determination is not necessary. This Office concurs that it is more feasible to contract for occupancy monitoring services because the work exceeds staffing availability and because specialized knowledge and technical expertise relating to housing regulations are required.

### **RECOMMENDATIONS**

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

1. Approve the results of the Request for Proposals for (RFP) for Affordable Occupancy Monitory Services released by the Housing and Community Investment Department (HCID) on August 5, 2013;
2. Authorize the General Manager, HCID, or designee to:
  - a. Negotiate and execute a contract with Urban Futures Bond Administration, Inc. (UFBA), to provide occupancy monitoring services for a term of one year from January 1, 2014 through December 31, 2014, with two one-year renewal options, for an amount not to exceed \$480,000, in substantial conformance with the draft contract attached to the HCID transmittal dated November 13, 2013, and subject to the following requirements: 1) funding availability; 2) satisfactory performance by UFBA; 3) Departmental needs; 4) compliance with applicable federal, state and City regulatory requirements; 5) compliance with all applicable contracting requirements; and, 6) review and approval of the City Attorney as to form;
  - b. Prepare Controller instructions and any necessary technical adjustments that are consistent with the Mayor and Council actions on this matter, subject to the approval of the City Administrative Officer, and authorize the Controller to implement those instructions;

3. Authorize the Controller to expend funds in an amount not to exceed a total of \$480,000 on an as-needed basis from the HOME Investment Partnerships Program Fund No. 561/43, Account A143, HCIDLA (up to \$180,000) and from the Municipal Housing Finance Fund No. 815/43, Account No. A143, HCIDLA (up to \$300,000), upon proper demand by the General Manager, HCID, or designee.

### **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund. Approval of the recommendations in this report would authorize the Housing and Community Investment Department (HCID) to execute a contract with Urban Futures Bond Administration, Inc. (UFBA), to provide occupancy monitoring services. Funding for the proposed contract would be provided from the HOME Investment Partnerships Program (\$180,000) and the Municipal Housing Finance Fund (\$300,000) on an as-needed basis for a total not to exceed \$480,000. The recommendations comply with City Financial Policies in that the full cost of the services provided is funded entirely by special funds designated for occupancy monitoring.

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