

REPORT FROM


OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 27, 2015

CAO File No. 0220-00540-1131
Council File No. 14-0360
Council District: Various

To: The Council

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Housing Authority of the City of Los Angeles (HACLA) dated April 27, 2015

Subject: **REQUEST FOR A \$2 MILLION WAIVER OF PAYMENT IN LIEU OF TAXES (PILOT) FOR CITY PROGRAMS AND RECREATIONAL SERVICES**

SUMMARY

The Housing Authority of the City of Los Angeles (HACLA) requests authorization from the City of Los Angeles to waive Payment in Lieu of Taxes (PILOT) in the amount of \$2,000,000 to provide summer jobs to youth living in public housing and to support the transition of recreation services at four City facilities to third-party nonprofit organizations. The funding would cover the 2015-16 fiscal year. This Office concurs with the proposed allocation of the PILOT funds.

BACKGROUND

The City and HACLA signed a PILOT Cooperation Agreement in 1939. Under this Agreement the Housing Authority consented to reimburse the City for the value of municipal services provided to HACLA housing developments, although HACLA is exempt from paying property taxes. The City has historically granted waivers to HACLA to allow them to use these funds for services that benefit residents or for capital and infrastructure improvements at the various HACLA housing developments. The annual amount is based on the level of rents collected from public housing residents.

In March 2014, HACLA requested a waiver of \$2,100,000 in PILOT funds. The Council approved the use of the funds for the Summer Youth Employment Program (SYEP) and the Mayor's Office of Gang Reduction and Youth Development in Watts.

Current Request

As approved by the HACLA Board of Commissioners, the Housing Authority requests waivers in the amount of \$1,000,000 for SYEP. The HACLA states that the SYEP funding will provide summer jobs for approximately 600 youth living in HACLA's 14 public housing developments. The number of youth to be employed will be based on the proportion of the population at each public

housing site compared to the total number of residents in all of the developments.

The remaining \$1,000,000 in PILOT waivers for 2015-16 would be allocated directly to nonprofit organizations for recreational programs at Jordan Downs, Nickerson Gardens, Imperial Gardens, and Ramona Gardens. Although each of the programs is located at HACLA properties, services are open to the surrounding community. The \$1,000,000 would be divided on an approximately equal basis to provide initial support while the nonprofit organizations pursue other funding sources with the goal that the programs will eventually be self-supported. The HACLA anticipates that the transition will take several years and expects the estimated \$250,000 per site should be guaranteed for at least three years. Consequently, the \$1,000,000 in PILOT is the first of a three-year request.

The HACLA states that as the funding for recreation programs transitions to the nonprofit organizations, the amount spent by the Department of Recreation and Parks on those programs will decrease, resulting in a savings to the City's General Fund.

RECOMMENDATIONS

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

1. Approve the waiver of the Housing Authority of the City of Los Angeles (HACLA) Payment in Lieu of Taxes (PILOT) for 2015-16 totaling \$2,000,000;
2. Approve the following PILOT funds expenditure plan and request HACLA to allocate the \$2,000,000 in PILOT funds for 2015-16 to the following expenditures:

Expenditure Item	Amount
Summer Youth Employment Program	\$1,000,000
Recreation Programs at Jordan Downs, Nickerson Gardens, Imperial Gardens, and Ramona Gardens	1,000,000
Total	\$2,000,000

3. Authorize the Executive Director of HACLA, or designee, to:
 - a. Expend up to \$1,000,000 directly for the Summer Youth Employment Program (SYEP) and request the Executive Director of HACLA to report to Council every six months on the status of the SYEP payments; and
 - b. Expend up to \$1,000,000 directly for recreational programs at Jordan Downs, Nickerson Gardens, Imperial Gardens, and Ramona Gardens in conjunction with nonprofit organizations.

FISCAL IMPACT STATEMENT

There is an indirect positive impact to the General Fund as a result of approval of the recommendations in this report. If the Mayor and Council approve the waiver of the Payment in Lieu of Taxes (PILOT) funds, the Housing Authority of the City of Los Angeles (HACLA) agrees to provide \$1,000,000 directly to nonprofit organizations to support recreational programs that are currently provided by the Department of Recreation and Parks. It is anticipated that the transition of these programs to nonprofit organizations will result in savings to the City. The recommendations of this report are in compliance with the City's Financial Policies as the one-time funds provided by HACLA for SYEP and recreational programming would be provided for expenditures associated with these programs.

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