

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 23, 2014

CAO File No. 0220-00540-1087

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 March 21, 2014; request from the Housing Committee on April 7, 2014 for the City Administrative Officer to report to the Budget and Finance Committee on the HACLA request

Subject: **REQUEST FOR A \$2.1 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 \$2,100,000 to provide summer jobs to youth living in public housing and to continue support for the Watts Regional Gang Reduction and Youth Development (GRYD) Program. The funding would cover the 2014-15 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 the Housing Authority 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 February 2013, HACLA requested a waiver of \$4,054,000 in PILOT funds, which were a combination of PILOT funds for 2012-13 and 2013-14. The Council approved the use of the funds for Recreation and Parks programs, the Mayor's Summer Night Lights Program, the Summer Youth Employment Program (SYEP), and start-up funding for the transition to recreation services provided by non-profit organizations (C.F. 11-0932-S2).

As approved by their Board of Commissioners, HACLA requests waivers in the amount of \$1,000,000 for SYEP for 2014-15. 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 Economic and Workforce Development Department (EWDD), which oversees the SYEP, states that HACLA collaborates with EWDD on this Program and that the two organizations regularly communicate about how HACLA implements SYEP at its housing sites.

Two years ago, HACLA entered into an agreement with the Mayor's GRYD Office to address an increase in gang violence in Watts where HACLA oversees four public housing developments. The remaining \$1,100,000 in PILOT waivers for 2014-15 would be allocated for GRYD to continue the third year of services to support and enhance the City's regional violence reduction strategy in Watts including gang prevention/intervention services, crisis response, family case management, school-related safe passage, community-based programs to educate residents about non-violent problem solving, peace-keeping and community building. The HACLA states that the services provided in the agreement with GRYD are reducing the level of gang violence in Watts.

Under the proposed expenditure plan, the SYEP amount would be expended directly by HACLA. The total amount reimbursed to the City would be \$1,100,000 for the GRYD programs. In addition to the PILOT funds, the GRYD Program receives funding from the General Fund and from grants. The Mayor's GRYD Office distributes those funds to support programs throughout the City.

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 2014-15 totaling \$2,100,000;
2. Approve the following PILOT funds expenditure plan and request HACLA to allocate the \$2,100,000 in PILOT funds for 2014-15 to the following expenditures:

Expenditure Item	Amount
Summer Youth Employment Program	\$1,000,000
Gang Reduction and Youth Development Program	1,100,000
Total	\$2,100,000

3. Authorize the Executive Director of HACLA, or designee, to 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;
4. Authorize the Director of the Mayor's Office of Gang Reduction and Youth Development (GRYD), or designee, to:

- a. Accept \$1,100,000 from HACLA for services to support and enhance the City's regional violence reduction strategy in Watts and to prepare Controller instructions relative to the appropriation and expenditure of these funds that are consistent with this action, subject to the approval of the City Administrative Officer (CAO), and authorize the Controller to implement these instructions; and
- b. Prepare Controller instructions for any technical adjustments that may be required and are consistent with this action, subject to the approval of the CAO, and authorize the Controller to implement the instructions.

FISCAL IMPACT STATEMENT

There is a 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 \$1,100,000 to the City to support the Mayor's Gang Reduction and Youth Development (GRYD) Program. The recommendations in this report comply with the City's Financial Policies in that one-time funds from HACLA would pay for one-time expenditures for GRYD.

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