

# TRANSMITTAL

To:

**THE COUNCIL**

Date:

**DEC 10 2015**

From:

**THE MAYOR**

**TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.**



Ana Guerrero

**ERIC GARCETTI**  
Mayor



Eric Garcetti, Mayor  
Rushmore D. Cervantes, General Manager

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December 7, 2015

Council File: 14-0854  
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

**TRANSMITTAL: REQUEST FOR APPROVAL TO EXECUTE SECOND AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) FOR TENANT OUTREACH AND EDUCATION SERVICES FOR THE HCIDLA AFFORDABLE HOUSING PRESERVATION PROGRAM (AHPP)**

**SUMMARY**

The Los Angeles Housing and Community Investment Department (HCIDLA) respectfully submits this transmittal for Mayor and Council review and consideration. Through this transmittal, the HCIDLA seeks the approval and requests authority to execute a Second Amendment to the Contract Number C-124447 with the Coalition for Economic Survival (CES) for the provision of outreach and education to residents of expiring and at-risk affordable housing under its Affordable Housing Preservation Program (AHPP).

The amendment and execution of this contract are essential to continue to implement a citywide initiative as part of a department-wide strategy to track, extend and preserve at-risk affordable housing. Communication with residents of assisted and non-assisted at-risk affordable properties is a core element of this initiative. The existing contract expires on December 31, 2015. The proposed amendment will allow HCIDLA to extend the term of the contract for an additional twelve months to expire on December 31, 2016, and augment the compensation amount by \$50,000, revising the total contract award from \$40,000 to \$90,000. Approval of the contract amendment will avoid a gap in services and allow the contractor to continue to provide direct outreach and education to residents of expiring subsidized and covenanted properties and assist in preventing potential displacement of low and moderate-income tenants.

<b>Tenant Outreach and Education Contract Terms and Compensation</b>		
	<b>Contract Amount</b>	<b>Term</b>
Original Contract	\$40,000	7/1/2014 - 6/30/2015
1st Amendment	No change	7/1/2015 - 12/31/2015
Proposed 2nd Amendment	\$50,000	1/1/2016 - 12/31/2016
<b>Total Contract Amount</b>	<b>\$90,000</b>	

## **RECOMMENDATIONS**

The General Manager of the HCIDLA respectfully requests that:

- A. Your office schedule this transmittal in the next available meeting(s) of the appropriate City Council committee(s) for consideration and forward it to the full City Council for review and approval immediately thereafter;
- B. The City Council, subject to the approval of the Mayor, take the following actions:
  1. AUTHORIZE the HCIDLA General Manager, or designee, to execute a Second Amendment to the Contract C-124447 with the Coalition for Economic Survival (CES), extending the term of the contract by twelve months to end on December 31, 2016, and increasing the contract amount by \$50,000 to \$90,000, subject to the approval of the City Attorney as to form.
  2. Authorize the Controller to establish new account, 43M358 Coalition for Economic Survival, and transfer appropriations in the amount of \$50,000 from account, 43K299 Reimbursements from General Fund, within the Municipal Housing Finance Fund No. 815.
  3. AUTHORIZE the General Manager, HCIDLA, or designee to prepare Controller instructions and make any necessary technical adjustments consistent with Council and Mayor actions on this matter, subject to the approval of the City Administrative Officer, and authorize the Controller to implement these instructions.

## **BACKGROUND**

### *Previous Tenant Outreach and Education Initiatives*

Communication with residents of at-risk affordable housing properties has been a fundamental and critical component of the HCIDLA's tracking and preservation efforts. The at-risk status of rental assistance contracts and expiration of covenants do not translate into immediate displacement, however, the HCIDLA recognizes the risks and the importance of informing tenants of their rights, responsibilities, and options. Therefore, since 2006, the HCIDLA has entered into contracts to carry out outreach and education activities to tenants living in identified at-risk and expiring restricted affordable housing citywide on as needed basis.

These activities were primarily funded through a combination of City Multifamily Housing Finance Funds (MHFF) and leveraged grant funds from the John D. and Catherine T. MacArthur Foundation Awards for State & Local Housing Preservation Leaders (Council File #: 08-0952 & 11-1371). The purpose of the Foundation's grant was to enhance HCIDLA's AHPP preservation efforts and develop new policies and strategies that focus on the preservation of affordable housing which included outreach and education to tenants.

From 2009 to 2014, outreach and education were conducted to more than 8,000 units of at-risk affordable housing. These efforts were focused on expiring, foreclosed, rent-stabilized and assisted at-risk affordable housing units. This undertaking resulted in renewals of rental subsidies, the physical inspections of at-risk buildings requiring owners to perform necessary repairs, facilitate the seamless conversion from Project-based to Tenant-based subsidies, and prevent illegal evictions of Section 8 tenants. These outreach efforts also allowed the Department to monitor properties and stabilize rents that were adjusted to market value. Additionally, this outreach ensured that owners and management companies complied with the Los Angeles Rent Stabilization Ordinance (RSO), and prevented the potential illegal eviction and/or illegal rent increases at these buildings.

#### *Current Tenant Outreach and Education Contract*

On November 8, 2012, the Mayor and City Council ratified a list of 55 qualified contractors selected through the 2012 Housing Studies and Services Request for Qualifications (RFQ) and granted authority to execute contracts with qualified consultants for the provision of outreach activities and various housing studies (Council File #12-1470).

On April 22, 2014, the HCIDLA released a Request for Bids (RFB) to qualified contractors selected in the Assisted Affordable Housing - Tenant - Outreach & Education Program category of the 2012 RFQ. The Department received one response for the Tenant - Outreach & Education Program category. The Coalition for Economic Survival (CES) was the only applicant through the Request for Bids (RFB) process. The CES application was evaluated and selected based on their score, reflecting their expertise, proposed costs and ability to successfully complete the services sought by the Department.

The HCIDLA executed a one-year contract from July 1, 2014 to June 30, 2015, for a total term of twelve (12) months, and a contract total of \$40,000 of MacArthur Foundation Grant funds. Due to the large number of expiring former Community Redevelopment Agency of Los Angeles (CRA/LA) properties in 2015, and the close out of the MacArthur Foundation grant, the contract was amended for an additional six (6) months for a new ending date of December 31, 2015.

Over the last year, the HCIDLA focused its grant efforts and carried out outreach and education activities to tenants living in high risk covenanted properties expiring in 2015. The HCIDLA was able to achieve the following outcomes:

- Increased the awareness of 1,135 families living in 41 properties of their residents' rights and responsibilities, covenant and restriction expiration and potential housing alternatives upon covenant expirations.
- Held four resident meetings at four properties consisting of 225 units. These properties were located in two gentrifying areas of the City with a high potential for displacement of residents due to the prospect of rent increases.
- Provided property owners documentation which verified occupancy and affordability restrictions requirements.

- Identified and prioritized high risk covenanted properties under the Rent Stabilization Ordinance (RSO) to prevent potential rent increases above the allowable rent limits.
- Stabilized tenants' housing and social economic conditions as a result of informing them of their right to remain in the properties, allowable rent increases and alternative housing options.

The 2012 Housing Studies and Services RFQ list of qualified consultants expired on November 8, 2015. The HCIDLA intends to release a new RFQ list by July 2016.

### **REQUEST FOR AUTHORITY TO EXECUTE SECOND CONTRACT AMEMDMENT**

There are approximately 69,000 restricted affordable housing units in the City of Los Angeles in approximately 1,900 developments. The HCIDLA estimates that approximately 20% of the City's affordable housing stock is at-risk of losing their rental subsidies or affordability restrictions through the combined expiration and/or termination of covenants, restrictions and/or rental subsidies through August 2020. Of the expiring properties, 68% are primarily federally assisted, 18% restricted by HCIDLA, 9% restricted by the State, and 5% assisted by the Housing Authority of the City of Los Angeles (HACLA). Approximately 40% of these at-risk properties have covenants, subsidies and restrictions that will expire within the next year. The future expiration and/or termination of restricted affordable housing units pose potential threats to tenants that can lead to displacement.

The HCIDLA considers tenant outreach and education to be critical components of all preservation strategies by proactively preventing potential displacement of low and moderate-income tenants. In order to avoid any gap in services, the Department requests authority to execute a Second Amendment to the Contract No. C-124447 with the Coalition for Economic Survival (CES), extending the term of the contract by twelve months to end December 31, 2016, and increasing the contract amount by \$50,000 to \$90,000.


### **FISCAL IMPACT STATEMENT**

There is no impact on the General Fund. The recommendations in this report will authorize HCIDLA to use reprogrammed Multifamily Housing Finance Funds (MHFF) for this contract.

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