

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

---

Date: June 30, 2014

CAO File No. 0220-00540-1095  
Council File No. 14-0854  
Council District: Citywide

To: The Council

From: Miguel A. Santana, City Administrative Officer 

Reference: Housing and Community Investment Department Transmittal dated June 5, 2014;  
Received by the City Administrative Officer on June 23, 2014

Subject: **HOUSING AND COMMUNITY INVESTMENT DEPARTMENT REQUEST (HCID)  
FOR VARIOUS ACTIONS RELATED TO THE TRANSFER OF FUNDS FROM  
THE JOHN D. AND CATHERINE T. MACARTHUR FOUNDATION**

---

### SUMMARY

The Housing and Community Investment Department (HCID) requests approval to accept \$183,788.64 in grant funds from the John D. and Catherine T. MacArthur Foundation (Foundation), execute a grant agreement with the Foundation, enter into Professional Service Agreements (PSAs) with contractors to provide support services to complement the work of HCID staff, and continue resolution employment authority for one Project Assistant, Class Code 1542, from July 1, 2014 to June 30, 2015.

These grant funds will support a one-year initiative to develop a long-term proactive and preventive strategy to integrate, track, monitor and preserve the subset of the former Community Redevelopment Agency (CRA) portfolio which has affordability covenants set to expire in 2015. The Department states that this funding is crucial to the assessment of the CRA inventory with covenants at risk of expiration. This Office concurs with the recommendations of HCID.

### BACKGROUND

#### Initial Grant

On May 9, 2008, the City Council authorized the former Los Angeles Housing Department (LAHD) and the former CRA to apply to the John D. and Catherine T. MacArthur Foundation Awards for State & Local Housing Preservation Leaders (C.F. 08-0952), which resulted in a Foundation award of a \$1 million grant on February 26, 2009. The grant funds were to be used over a three year period, from January 1, 2009 through December 31, 2011, to enhance the former LAHD's affordable housing preservation efforts. The Foundation later granted a two year extension of the grant term for a new term from January 1, 2009 through December 31, 2013. Of the \$1 million award, \$700,000 was granted to the former LAHD and \$300,000 was granted to the former CRA.

For the five year period from January 1, 2009 through December 31, 2013, the Foundation grant was used to:

- Improve coordination with other City and financing agencies to develop and enhance Citywide affordable housing preservation strategies;
- Enhance at-risk affordable housing data tracking systems;
- Complete an at-risk assessment ranking criteria to prioritize and better predict and assess the risk of affordable housing projects converting to market-rate;
- Develop preservation strategies and identify properties for targeted owner outreach and education;
- Implement and expand the Affordable Housing Preservation Program (AHPP) tenant outreach and education component to reach approximately 8,000 families living in at-risk expiring housing units;
- Analyze policies, processes and financial tools to streamline HCID's preservation programs;
- Engage and lead affordable housing preservation policy discussions through interagency group meetings and two Citywide Affordable Housing Preservation Summits;
- Commission a Transit-Oriented Districts (TODs) study to identify and prioritize areas for the preservation of existing affordable housing based on various housing indicators and proximity to transit; and
- Direct additional staff resources toward the preservation of affordable rental housing.

#### Transfer of CRA Grant Funds

On December 29, 2011, the California Supreme Court upheld ABx1 26, the redevelopment agency dissolution legislation, in *California Redevelopment Association v. Matosantos*. The decision resulted in the dissolution of roughly 400 redevelopment agencies throughout the State on February 1, 2012. Pursuant to ABx1 26, the City elected to serve as the housing successor to the former CRA and retain the housing assets and functions of the former CRA. On January 25, 2012, HCID became the Housing Successor Agency on behalf of the City (C.F. 12-0049). At the time of dissolution, the former CRA had not yet expended the \$300,000 in grant funds awarded by the Foundation and the remaining balance of \$183,788.64 was returned to the Foundation by the former CRA.

In January 2014 HCID submitted its final report for the \$700,000 grant which stated that the completed grant initiatives resulted in the integration of affordable housing preservation as a core element of Citywide housing policy. The Foundation expressed satisfaction with the HCID's use of its grant funds and on February 20, 2014, the Foundation awarded the balance the former CRA grant, to HCID to aid in a long-term strategy to preserve the subset of the former CRA covenanted portfolio due to expire in 2015.

The Foundation requires that these funds be used over the period of July 1, 2014 through June 30, 2015 and that the funds are expended for the services of consultants to complement the work of HCID staff and execute Decision-Making Framework & Training and Tenant Outreach and

Education initiatives. The funds will also provide for the continuation of a Project Assistant position within the Department to assist in the effective day-to-day management of the grant and other related tasks.

#### Resolution Authority for Project Assistant Position

In the course of the initial grant period, a Project Assistant and a Student Professional Worker (SPW) were filled to meet the need for support staff to assist in the day-to-day operation of the grant. The HCID states that both positions were essential to the management and completion of the original grant initiatives; however, due to limited funding, HCID will not be able to retain the SPW. The HCID requests that resolution authority for the Project Assistant be continued for the period of July 1, 2014 through June 30, 2015. For this twelve month period \$82,194 is allocated from the Foundation grant award to fund the salary (\$60,070) and the related costs (\$22,124).

#### Approval of Contracts

On April 22, 2014, HCID released two separate Requests for Bids (RFB) to contractors on a list of 55 qualified contractors selected and ratified through the 2012 Housing Studies and Services Request for Qualifications (RFQ). One RFB was released to contractors in the Assisted Affordable Housing Tenant Outreach & Education Program category and the other was released to contractors in the Housing Program Evaluation, Improvement, and Design category. From the responses to these two RFBs, the California Housing Partnership Corporation (CHPC) and the Coalition for Economic Survival (CES) were selected based on their expertise, proposed costs and ability to successfully complete the services sought by the Department.

#### *The California Housing Partnership Corporation (CHPC)*

The HCID requests authority to enter into a contract with the California Housing Partnership Corporation (CHPC) to implement the Decision-Making Framework & Training initiative. The contract is for a one-year period from July 1, 2014 through June 30, 2015 and has a compensation amount of \$60,000. As part of the contract CHPC will provide the following services:

- Assess and categorize the former CRA inventory with affordability covenants expiring in 2015, as determined by HCID, with a focus on the multiple layers of subsidies to develop a specific strategy for preservation and a decision-making framework by type of subsidy;
- Recommend financial and non-financial approaches to extend the affordability of rental housing;
- Identify programs and quantify what financial subsidies may assist HCID in preserving affordability, including the size of the subsidy required to maintain affordability; and
- Conduct training on affordable housing programs, affordability restrictions and identified recommendations and strategies.

*Coalition for Economic Survival (CES)*

The HCID requests authority to enter into a contract with Coalition for Economic Survival (CES) to carry out outreach and education activities to tenants living in identified expiring former CRA covenanted housing. The contract is for a one year period from July 1, 2014 through June 30, 2015 and has a compensation amount of \$40,000. The CES will provide the following services on an as needed basis:

- Conduct direct outreach and education to inform residents of former CRA properties with expiring covenants of their rights and responsibilities, and the potential impact and potential affordable housing alternatives upon covenant expiration;
- Disseminate program information and education materials to targeted residents; and
- Conduct informational mail outs and tenant meetings of identified expiring properties based on the expiration date, ownership type, geographic location or other criteria identified by HCID.

**RECOMMENDATIONS**

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

1. Authorize the General Manager, Housing and Community Development Department (HCID), or designee, to:
  - a. Accept the \$183,788.64 grant award from the John D. and Catherine T. MacArthur Foundation (Foundation) and negotiate and execute a grant agreement with the Foundation;
  - b. Execute a contract with the California Housing Partnership Corporation (CHPC) from July 1, 2014 to June 30, 2015 with a total compensation amount of \$60,000, to provide consulting and professional services to HCID, in substantial conformance with the draft Agreement attached to the HCID transmittal dated June 5, 2014, subject to the approval of the City Attorney as to form and compliance with the City's contracting requirements;
  - c. Execute a contract with the Coalition for Economic Survival (CES) from July 1, 2014 through June 30, 2015 with a total compensation amount of \$40,000, to provide consulting and professional services to HCID, in substantial conformance with the draft Agreement attached to the HCID transmittal dated June 5, 2014, subject to the approval of the City Attorney as to form and compliance with the City's contracting requirements;
  - d. Prepare Controller instructions and make any 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;

2. Authorize the continuation of resolution authority for one exempt position in the classification of Project Assistant (Class Code 1542), originally approved by the Council in 2013-14 (C.F. 13-1700), from July 1, 2014 through June 30, 2015;
3. Authorize the Civil Service Commission to continue the exemption of existing resolution authority for the Project Assistant (Class Code 1542) position from the civil service provisions of the City Charter, based on the temporary grant-funded nature of the project, and in accordance with City Charter Section 1001(d)(4);
4. Authorize the one-time exemption of this position from the City's Managed Hiring Process;
5. Authorize the City Controller to:
  - a. Establish new accounts and appropriations within the HCID Small Grants and Awards Fund No. 49N for 2014-15 as follows:

<u>Account</u>	<u>Name</u>	<u>Amount</u>
43L143	HCIDLA	\$161,664
43L299	Related Costs	<u>22,124</u>
	<b>Total</b>	<b>\$183,788</b>

- b. Increase appropriations within HCID Fund No. 100/43, for 2014-15 as follows:

<u>Account</u>	<u>Name</u>	<u>Amount</u>
001010	Salaries General	\$ 60,070
003040	Contractual Services	100,000
006010	Office and Administrative	<u>1,594</u>
	<b>Total</b>	<b>\$161,664</b>

- c. Expend funds from the fund and accounts specified above upon proper written demand by the General Manager, or designee, for grant program administration in accordance with applicable state and federal guidelines and all City rules, regulations and ordinances.

## FISCAL IMPACT STATEMENT

There is no impact to the General Fund, as the proposed contracts and the Project Assistant position will be fully funded by grant funds from the John D. and Catherine T. MacArthur Foundation. The recommendations in this report comply with City Financial Policies in that special funds, fees and grants will support the recommended projects.