

**TRANSMITTAL**

To:

**THE COUNCIL**

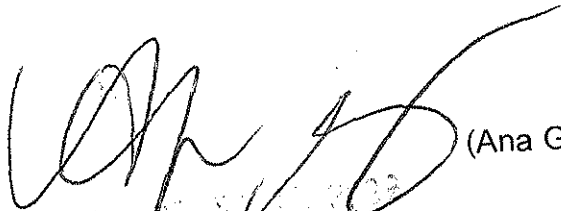
Date:

**JUN 27 2014**

From:

**THE MAYOR**

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



(Ana Guerrero)

**ERIC GARCETTI**  
Mayor



Eric Garcetti, Mayor  
Rushmore D. Cervantes, Interim General Manager

Regulatory Compliance & Code Bureau  
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June 13, 2014

Council File: 09-0404-S2; 11-1783; 14-0113  
Council Districts: Citywide  
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The Honorable Eric Garcetti  
Mayor, City of Los Angeles  
200 N. Spring Street, Room 303  
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

**TRANSMITTAL: REQUEST FOR APPROVAL TO EXECUTE FOURTH AMENDMENT TO THE CONTRACT FOR THE LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT RENT ESCROW ACCOUNT PROGRAM (REAP) AND UTILITY MAINTENANCE PROGRAM (UMP) LANDLORD OUTREACH SERVICES FOR THE PERIOD OF JULY 1, 2014 THROUGH OCTOBER 31, 2014**

**Summary**

In accordance with Los Angeles Administrative Code Section 10.5, the Los Angeles Housing and Community Investment Department (HCIDLA) hereby respectfully requests authority to execute a Fourth Amendment to Contract Number C-118559 with The Eberly Company (Contractor) for the provision of landlord outreach services for the HCIDLA Rent Escrow Account Program (REAP) and Utility Maintenance Program (UMP). These landlord outreach services are essential to the success of REAP in bringing rental properties into compliance with the Los Angeles Municipal Code and restoring properties to minimum standards of habitability. The existing contract expires on June 30, 2014. The proposed amendment will allow HCIDLA to extend the term of the contract for an additional four months to expire on October 31, 2014, and to augment the compensation amount by \$35,000, revising the total contract award from \$341,250 to \$376,250. Approval of the amendment will allow the Contractor to continue assisting property owners in expediting the removal of existing Housing Code violations, ensuring timely closure of REAP/UMP cases, and reducing the rate of recidivism, while HCIDLA conducts a Request for Proposals for a new contract.

REAP/UMP Landlord Outreach Services Funding History		
	Contract Amount	Term
Original Contract	\$87,500	1/1/2011 – 12/31/2011
1 <sup>st</sup> Amendment	\$87,500	1/1/2012 – 12/31/2012
2 <sup>nd</sup> Amendment	\$8,750	1/1/2012 – 12/31/2012
3 <sup>rd</sup> Amendment	\$157,500	1/1/2013 – 6/30/2014
Proposed 4 <sup>th</sup> Amendment	\$35,000	7/1/2014 – 10/31/2014
<b>Total Contract Amount</b>	<b>\$376,250</b>	

A draft of the Fourth Amendment, along with a copy of this transmittal, has been forwarded to the City Attorney for concurrent review and approval as to form.

**Recommendations**

The HCIDLA General Manager respectfully recommends that the Mayor:

1. AUTHORIZE the HCIDLA General Manager, or designee, to execute a Fourth Amendment to Contract No. C-118559 with Charles and Cynthia Eberly Incorporated, DBA The Eberly Company, extending the term of the contract by four months to end on October 31, 2014, and augmenting the contract amount by \$35,000, from \$341,250 to \$376,250, in substantial conformance with the draft document attached to this transmittal, subject to contractor performance, funding availability, and the approval of the City Attorney as to form.
2. AUTHORIZE the City Controller to:
  - a. Expend funds upon proper written demand of the HCIDLA General Manager, or designee, on an as needed basis not to exceed \$33,250.00 from Fund No. 41M, Code Enforcement Trust Fund, Department 43, as follows:

Account No.	Account Name	Amount
43K228	Rent & Code Outreach Program	\$33,250.00

- b. Expend funds upon proper written demand of the HCIDLA General Manager, or designee, on an as needed basis not to exceed \$1,750.00 from Fund No. 440, Rent Stabilization Trust Fund, Department 43, as follows:

Account No.	Account Name	Amount
43K228	Rent & Code Outreach Program	\$1,750.00

3. AUTHORIZE the HCIDLA General Manager, or designee, to prepare Controller’s instructions and make any technical adjustment consistent with the Mayor action on this matter, subject to the approval of the City Administrative Officer, and instruct the Controller to implement these instructions.

## **Background**

In 1988, the City Council and the Mayor established the Rent Escrow Account Program (REAP) whereby tenants could voluntarily submit their rents to a City-administered escrow account in lieu of paying the landlord when the landlord had failed to correct the cited Housing Code violations (C.F. 87-1084-S2; Ordinance No. 164205). Shortly thereafter, the Council and the Mayor also adopted the Rent Reduction Program (RRP) which consisted of a schedule of rent reductions that corresponded to reductions of housing services that rendered a rental unit untenable under California Civil Code Section 1941.1 (C.F. 87-1084-S2; Ordinance No. 164496). The REAP/RRP programs proved effective in motivating landlords to remedy violations of the City's Housing Code and restore their property's condition to at least minimum standards of habitability. In 1997, the City established an outreach program for REAP and contracted with three community-based organizations for the provision of educational and outreach services to tenants residing in subject buildings to increase their likelihood of participation in REAP (C.F. 93-1850-S1). That same year, the City Council and Mayor expanded the REAP program to include properties referred under UMP, which focuses on properties where tenants were threatened with utility shut off because of the property owner's delinquency in payment to the Department of Water and Power. Both REAP and UMP are fee-supported programs. There is an administrative fee of \$50 per unit per month for the residential units in REAP and UMP.

HCIDLA works with REAP/UMP outreach contractors in an effort to maintain a cooperative relationship with landlords and property owners. In January 2011, the City Council and Mayor authorized HCIDLA to execute a contract with The Eberly Company to provide customized outreach and educational services primarily for property owners subject to REAP/UMP following a competitive selection process (C.F. 09-0404-S2). HCIDLA executed a one-year contract with the Contractor, effective January 1, 2011 through December 31, 2011, plus two one-year renewal options, subject to funding availability, contractor performance, and compliance with all applicable contracting regulatory requirements. On June 27, 2012 the Mayor and Council authorized an augmentation in the annual compensation for this contract from \$87,500 to \$105,000 annually and an increase in the term of the contract by six additional months for a total term of 42 months to expire on June 30, 2014 (C.F. 11-1783).

On April 3, 2014, a Request for Proposals (RFP) was released to solicit bids from prospective landlord outreach contractors (C.F. 14-0113). HCIDLA withdrew the RFP on May 30, 2014 to ensure Departmental consistency in the application of citywide Business Inclusion Program guidelines. As the City re-releases the RFP, the current contract is set to expire on June 30, 2014. In order to continue REAP/UMP landlord outreach services while the RFP is conducted, HCIDLA requests a four-month contract extension of the current landlord outreach contractor.

## **Scope of Work**

The Contractor will continue to provide services to landlords whose property is in REAP or UMP. The Contractor will provide counseling and technical assistance to landlords pertaining REAP and UMP, including but not limited to educating landlords regarding their rights and responsibilities under these programs, assisting them to expedite removal of their properties from REAP/UMP, providing assistance on how to complete the work required, linking property owners to appropriate service providers, providing property owners with the status of their cases, explaining the provisions of REAP and UMP and pertinent regulations, and facilitating landlord-tenant conflict resolutions, if needed. The Contractor must work

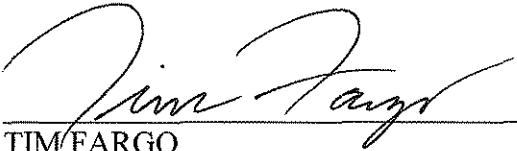
collaboratively with the tenant outreach contractors, the HCIDLA staff and other enforcement agencies such as Los Angeles County Health Department to expedite termination of the REAP cases.

The outreach efforts of the Eberly Company have been instrumental in the Department's ability to resolve habitability violations on REAP properties and close REAP cases. From January 1, 2011 to December 31, 2013, 1,747 new cases were referred to the Contractor who assisted in the closing of 2,227 new and existing cases through performing various outreach activities. This represents more than 8,567 REAP and UMP units that were brought into compliance with health & safety and housing codes. During that time period, 27% more cases had been closed than opened.

### **Fiscal Impact**

There is no impact to the General Fund. Funding for the landlord outreach services agreement for the Rent Escrow Account Program and Utility Maintenance Program (REAP/UMP) (\$35,000) is derived from REAP and UMP administrative fees that are set aside for this purpose and deposited in the Code Enforcement Trust Fund (\$33,250) and the Rent Stabilization Trust Fund (\$1,750).

Prepared by:



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Assistant General Manager  
Regulatory Compliance and Code Bureau

Approved by:



RUSHMORE D. CERVANTES  
Interim General Manager  
HCIDLA

Attachments:

1. Draft Fourth Amendment to Agreement No. C-118559 with The Eberly Company