



Eric Garcetti, Mayor  
Rushmore D. Cervantes, General Manager

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April 21, 2016

Honorable Members of the Budget and Finance Committee  
City Council, City of Los Angeles  
c/o Holly L. Wolcott, City Clerk  
200 N. Spring Street, Room 395  
Los Angeles, CA 90012  
Attn: Richard Williams, Legislative Analyst

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CITY CLERK  
BY [Signature] DEPUTY

**Subject: COMMENTS FROM THE HOUSING + COMMUNITY INVESTMENT DEPARTMENT  
RELATIVE TO THE PROPOSED BUDGET FOR FISCAL YEAR 2016-17**

Honorable Members of the Budget and Finance Committee:

The Los Angeles Housing and Community Investment Department (HCIDLA) appreciates the opportunity to provide comments on the Mayor's Proposed Budget. In the FY 2016-17 budget submission, HCIDLA requested General Funds to support the continuation of positions and programs which are not eligible to be funded through grant funds or special fees. Currently, about 96% (\$62.8 million) of HCIDLA's \$65.5 million total budget continues to be funded by special fund and grant sources. In the past, HCIDLA was able to rely solely on grant funds and special fees to support its workforce and initiatives. Due to reduced grant funding and limits on public services and increasing administrative costs, HCIDLA must now rely on General Funds.

The Mayor's Proposed HCIDLA Budget supports our efforts to accomplish the significant and essential goals of developing affordable housing, providing social services to empower families and communities, and ensuring that residents live in safe and decent housing. This year's budget focuses on resources that will support various City's efforts, including supporting Mayor and Council efforts to end homelessness, and providing crucial services to our residents. HCIDLA's services are only possible through the individual contributions of its committed workforce and nonprofit and private partners. The Department's comments focus on new budget funding initiatives, funding to programs previously supported by Federal funds related to the Consolidated Plan (Con Plan) budget as well as several technical adjustments. HCIDLA thanks the Mayor and City Council for your continued support.

The Department also appreciates the Mayor's proposed appropriation to maintain the critical services provided by our Domestic Violence Shelters; the Family Source Centers; the community engagement activities that are grant ineligible and are provided by the Commission for Community and Family Services, Commission on the Status of Women and the Human Relations Commission; and to launch the new Seismic Retrofit Program.

## **SUMMARY OF REQUESTED PROPOSALS**

To ensure seamless delivery of critical services, HCIDLA respectfully requests that the Budget and Finance Committee consider the following:

### **PRIORITY #1: Support the Mayor and Council efforts to end Homelessness**

- 1. Los Angeles Homeless Services Authority (LAHSA) Support** - HCIDLA provides administrative oversight for all of LAHSA's city-funded homeless programs, including oversight of LAHSA's compliance with seven contracts that provide: rapid re-housing (permanent housing), crisis housing for Veterans, emergency winter shelters, outreach to homeless families and individuals living on the street and other places not meant for human habitation, rental assistance, public sanitation (restrooms/showers) and storage, and a variety of supportive services that include case management, financial and substance abuse counseling, and outreach and services referrals.

HCIDLA is responsible for contract negotiations, assisting in the planning, development, and implementation of the contracts, conducting on-site monitoring of LAHSA and a sampling of LAHSA's city-funded homeless service providers, participating in the LAHSA commission and committee meetings. HCIDLA is also responsible for reviewing LAHSA's submissions to the city's annual Con Plan application to HUD, the agency's performance outcomes and data that is included in the city's annual report to HUD, along with responding to City Controller, and local HUD and/or Office of Inspector General (OIG) audit findings relative to LAHSA's city-sponsored federally-funded homeless programs.

Over the past two years, and specifically in the proposed 2016-17, LAHSA's City general fund budget has increased significantly to address the City's homeless crisis from approximately \$10 million to \$50 million. As a consequence additional staffing is needed, commensurate with the increased workload, in order to properly oversee and monitor the new projects and activities that are proposed for LAHSA. HCIDLA did not receive additional funding or position authorities as part of the expanded homelessness initiative, to provide the required monitoring and coordination. HCIDLA currently has two professional staff overseeing LAHSA's \$29.8 million programs. The department respectfully requests position authority for two Management Analysts along with a General Fund allocation of \$235,474 for staff and partial funding for an existing Senior Project Coordinator to provide the required oversight of the proposed \$50.8 million in LAHSA homeless programs.

- 2. Expansion of Bond Program** – HCIDLA maintains the City's Affordable Housing Managed Pipeline which contains competitively selected development projects in a two-year queue, until such time that the projects are ready to proceed. Through this Managed Pipeline, HCIDLA carefully maximizes and exhausts all Federal HOME entitlement funds and competitive 9% Low-Income Housing Tax Credits (LIHTC) to generate as many Family, Senior, Permanent Supportive Housing as possible. Once these funds are exhausted the only other financing vehicle available is the 4% LIHTC program.

With the current dedicated bond staff, HCIDLA is able to finance the construction of eight to ten affordable housing projects per year through the bond program. The number of the affordable housing projects that are bond-financed is commensurate with the level of staffing. At any given time there are eight to ten additional projects in the queue waiting to receive 4% LIHTC financing. In order to expedite the production of Permanent Supportive Housing for homeless, the City must shift projects towards bond financing. Additional staff, partially funded with bond issuance fees, is needed to address the current and future demand of the affordable housing production. This future demand will be derived from projects that have leveraged sources, such as CalVet funds and the State's Affordable Housing and Sustainable Communities (AHSC) Program.

HCIDLA respectfully requests \$119,575 in General Funds to help fund three additional positions. The balance of the salaries will be funded with the bond issuance fees collected. With additional staff, HCIDLA will be able to close additional bond deals, which translates to an increase of affordable housing units for the City. HCIDLA will be able to cover an increased portion of the salaries in future years due to the incoming revenue from the bond issuances.

## **PRIORITY #2: Commitment to satisfy legally mandated requirements.**

3. **Development of Assessment of Fair Housing for the City of Los Angeles** – On July 16, 2015, the U.S. Department of Housing and Urban Development (HUD) published its Affirmatively Furthering Fair Housing final rule. The final rule institutes a process to analyze the local fair housing landscape and set fair housing priorities and goals through the development of an Assessment of Fair Housing (AFH) every five years in advance of a new Con Plan. HCIDLA is requesting \$150,000 in General Funds to contract with a qualified expert consultant to assist in the development of an AFH. The expert consultant will assist with the AFH requirements of identification and collection of currently unavailable local data and in the extensive long-term community outreach process. The consultant will also provide recommendations to the City in establishing key metrics and milestones to identify fair housing measurable outcomes, specifically to the issues identified by HUD, which include patterns of integration and segregation; racially and ethnically concentrated areas of poverty; disparities in access to opportunity; and disproportionate housing needs. Ultimately, the City is solely responsible to develop and complete all AFH aspects to HUD's satisfactions by July 5, 2017.
4. **Operating Expenses for the Post Accessible Housing Research** – As a result of the Communities Actively Living Independent and Free *et al.* vs. City of Los Angeles lawsuit and City settlement, HCIDLA is requesting \$60,000 of General Funds for consultant services to assist in the identification of accessible replacement housing options for persons displaced by a major disaster. The consultant will develop the definitions, tools and a scope of work to complete the task of identifying accessible housing currently in the City's privately owned housing stock subject to the Fair Housing Act. The actions to be undertaken through the contract are not eligible expenses under the grant and fee resources that support HCIDLA's budget, and therefore, HCIDLA is requesting General Funds to fulfill this requirement outlined by the lawsuit and settlement.
5. **Seismic Retrofit Program** – In October 9, 2015, Ordinance 183893 was adopted, mandating the seismic retrofit of residential buildings. Under the Rent Stabilization Ordinance (RSO), property owners may be required to obtain a Tenant Habitability Plan (THP), which requires mitigation of temporary untenable conditions, and gives property owners the right to recover a certain percentage of the seismic retrofit expenses. Under the RSO, both tenants and property owners have appeal rights at different points of the process.

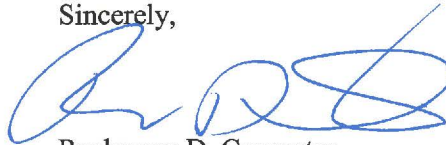
As the Los Angeles Building & Safety Department (LADBS) begins issuing orders in May and has already received various permit requests for seismic rehabilitation work, which may necessitate HCIDLA's review and clearance. The number of permits requested is expected to increase causing a corresponding increase in requests for HCIDLA THP permit clearances, cost recovery applications and appeals services. The Mayor's proposed budget provides six months funding and authority for 6 positions. The Department will report back to the Mayor and City Council with status report on the workload and staffing requirements. In addition, some of the proposed positions are intended to support the required property owner and tenant appeals, conducted by a Hearing Officer. Unfortunately, the proposed budget did not include contracting funding (\$105,000) for additional Hearing Officers.

**PRIORITY #3: Provide crucial services to stakeholders and residents**

6. **Human Relations Advocate** – Currently, the Commissions and Community Engagement (CCE) program manages five commissions, including the Commission on the Status of Women and the Human Relations Commission. CCE staff function as community facilitators, develop and provide human relations training to constituents, establish dialogues with appropriate groups to help plan and execute community programs which will reduce violence, investigate incidents of intergroup conflict or acts of hate, among many more services for the public's wellbeing. In the 2016-17 budget submission, in addition to the continued funding of the current staff, HCIDLA requested for two additional Human Relations Advocate positions to assist in the service demands as community facilitators, establishing dialogues in order to reduce violence and the investigation of incidents of intergroup conflicts or acts of hate. These two positions were denied and an existing Human Relations Advocate position was not continued. In order to continue to provide the services, HCIDLA is requesting the ability to fill the existing Human Relations Advocate position along with the General Funds (\$127,596) to support the position.

HCIDLA recognizes the fiscal challenges facing the City and, as a department that is primarily Special Funded, has collaborated with the Mayor and Council to mitigate most impacts while striving to meet the growing need for affordable housing and community investment in Los Angeles. We continue to seek new grant opportunities and public-private partnerships that are compatible with our existing resources and in line with City priorities while creating operational efficiencies whenever possible. We look forward to working with your staff on the items identified in this correspondence. Should you have any questions, please contact my office at (213) 808-8808.

Sincerely,



Rushmore D. Cervantes  
General Manager

cc: Honorable Members of the City Council  
Honorable Eric Garcetti, Mayor  
Sharon Tso, Chief Legislative Analyst  
Miguel Santana, City Administrative Officer