

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 7, 2017

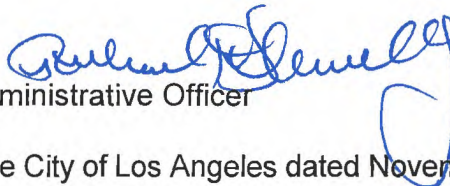
CAO File No. 0220-00540-1228

Council File No. 16-0641

Council District: All

To: The Mayor
The Council

From: Richard H Llewellyn Jr., Interim City Administrative Officer



Reference: Request from the Housing Authority of the City of Los Angeles dated November 2, 2016

Subject: **REQUEST FOR A \$2.4 MILLION WAIVER OF PAYMENT IN LIEU OF TAXES (PILOT) TO PROVIDE SERVICES TO PUBLIC HOUSING RESIDENTS FROM THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES (HACLA)**

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor, take the following actions:

1. Approve the waiver of the Housing Authority of the City of Los Angeles (HACLA) Payment in Lieu of Taxes (PILOT) during 2017 totaling \$2,400,000;
2. Approve the following PILOT funds expenditure plan and request HACLA to allocate the \$2,400,000 in PILOT funds during 2017 to the following expenditures:

Expenditure Item	Amount
Summer Youth Employment Program (SYEP)	\$1,000,000
Water-wise Landscape Improvements at HACLA sites	37,492
Community Safety Partnership Program at seven HACLA sites	490,000
Computer Center Upgrades at HACLA sites	283,000
Reimbursement for Recreation and Parks – Imperial Courts Program	533,508
Establishment and refurbishment of community gardens	56,000
Total:	<u>\$2,400,000</u>

3. Authorize the Executive Director of HACLA, or designee, to:
 - a) 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;
 - b) Expend up to \$37,492 directly for water-wise landscaping improvements to reduce water usage including turf replacement, mulching, drought tolerant plantings and

irrigation upgrades at any of nine HACLA sites: Ramona Gardens, Pueblo del Rio, Rancho San Pedro, William Mead, Avalon Gardens, Gonzaque Village, Nickerson Gardens, Mar Vista Gardens and Pico/Las Casitas;

- c) Expend up to \$490,000 directly for maintenance costs, communications equipment replacement and communications support related to the Community Safety Partnership Program at the following seven sites: Jordan Downs, Nickerson Gardens, Imperial Courts, Avalon Gardens, Gonzaque Village, Pueblo del Rio and Ramona Gardens;
- d) Expend up to \$283,000 directly for computer equipment upgrades at computer labs or centers within the following 11 HACLA sites: Avalon Gardens, Estrada Courts, Gonzaque Village, Imperial Courts, Mar Vista Gardens Computer Lab, Nickerson Gardens, Pueblo Del Rio, Ramona Gardens, Rancho San Pedro Social Hall, Rose Hill Courts and William Mead Homes;
- e) Expend up to \$56,000 directly for the establishment and refurbishment of community gardens at all HACLA sites except Jordan Downs and Rose Hills, which are in the process of being redeveloped; and,
- f) Authorize the General Manager of the Department of Recreation and Parks (RAP), or designee, to accept \$533,508 from HACLA to reimburse the General Fund for recreation and maintenance services provided by RAP at Imperial Courts during FY 2017-18, on or after July 1, 2017, and instruct RAP to deposit these funds in Fund 100, Department 62, Account No 5301, Cost Reimbursement from Other Sources, as a General Fund receipt, and request the Controller to recognize these funds as a General Fund receipt.

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 \$2,400,000 to provide summer jobs to youth living in public housing, water-wise landscape improvements at HACLA sites, pay for maintenance costs and replace equipment at seven housing sites affiliated with the Community Safety Partnership Program, provide upgrades at 11 computer centers in various HACLA locations, and establish and refurbish community gardens at all HACLA sites except Jordan Downs and Rose Hills, which are in the process of being redeveloped. The HACLA-requested waivers for 2017 were approved by the HACLA Board of Commissioners and a proposed expenditure plan is summarized in Recommendation Number 2 of this report. The funding would cover projects performed during 2017 fiscal year and does not supplant \$2.82 million of previous 2016-17 funding approved by Council in June 2016 (C.F. 16-0641). This Office supports the proposed allocation of the PILOT funds with a modification that recreation and maintenance services provided by the Department of Recreation and Parks (RAP) at Imperial Courts, a HACLA facility, be paid using PILOT funds. A recommendation for RAP to accept \$533,308 to reimburse the General Fund for these services in FY 2017-18 is

included in this report. This modification has been acknowledged by HACLA and does not have to be reconsidered by its Commission. This action will result in General Fund savings because the reimbursement reduces a City services line item and provides increased revenue from the replenishment of RAP indirect costs.

The City and HACLA signed a PILOT Cooperation Agreement in 1939. Under this Agreement, HACLA 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 various HACLA housing developments. The annual total is based on the amount of rent collected from housing residents.

FISCAL IMPACT STATEMENT

There is a positive impact to the General Fund in FY 2017-18 of \$533,308 in General Fund reimbursements that will reduce Department of Recreation and Parks (RAP) direct service costs and provide increased revenue from the replenishment of RAP indirect costs. 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) will provide funds for direct support of the Summer Youth Employment Program (SYEP) for over 500 youth living at HACLA developments as well as various capital and infrastructure improvements in and around HACLA facilities. The recommendations in this report are in compliance with the City's Financial Policies because one-time funds provided by HACLA for the SYEP and various improvement projects would pay for the expenditures associated with the SYEP and projects.

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