

# TRANSMITTAL

To:

**THE COUNCIL**

Date: 11/19/2018

From:

**THE MAYOR**

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

A handwritten signature in blue ink, appearing to be 'Eric Garceiti', is written over the printed name.

(Ana Guerrero) for

**ERIC GARCEITI**  
Mayor



Eric Garcetti, Mayor  
Rushmore D. Cervantes, General Manager

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CF: 16-0729

November 15, 2018

Honorable Eric Garcetti  
Mayor, City of Los Angeles  
200 North Spring Street, Room 303  
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

**COUNCIL TRANSMITTAL: REQUEST FOR AUTHORITY TO EXECUTE SECOND AMENDMENT TO CONTRACT WITH URBAN FUTURES BOND ADMINISTRATION, INC. FOR CONTINUATION OF SERVICES RELATED TO OCCUPANCY MONITORING OF AFFORDABLE HOUSING**

**SUMMARY**

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA requests authority to execute a Second Amendment to Contract No. C-129186 with Urban Futures Bond Administration, Inc. (UFBA) to continue to perform tenant occupancy monitoring of housing units with HCIDLA affordability restrictions. The proposed amendment will extend the term of the contract by six months and increase the contract amount by \$596,900, for a new total of \$2,496,900.

**RECOMMENDATIONS**

The General Manager of the HCIDLA respectfully requests that the Mayor and City Council:

- I. Authorize the General Manager of HCIDLA, or designee to execute second amendment to Contract No. C-129186 with Urban Futures Bond Administration, Inc. extending the contract term by six months through June 30, 2019 and increasing

compensation by \$596,900 for a total contract amount not to exceed \$2,496,900. The contract amendment shall be in substantial conformance with the draft document attached to the transmittal, subject to funding availability. The additional amount of \$596,900 will be funded by:

- a. Available funds appropriated to the Municipal Housing Finance Fund No. 815 Account 43R243 in the amount of \$170,430, and HOME Investment Partnerships Program Fund No. 561 Account 43R243 in the amount of \$326,470;
- b. An appropriation from the Low and Moderate Income Housing Fund No. 55J, Account No. 43R243 in the amount of \$100,000.

II. AUTHORIZE the Controller to:

- a. Establish a new account, 43R243 Occupancy Monitoring, within the Low and Moderate Income Housing Fund No.55J and appropriate \$100,000;
- b. Transfer appropriations within the HOME Investment Partnerships Program Fund No. 561 as follows:

From:	43R143 Housing and Community Investment Dept	\$ 88,770
	43R299 Reimbursements of General Fund Costs	\$ 57,700
To:	43R243 Occupancy Monitoring	\$146,470

- c. Decrease appropriation within Fund No. 100/43 Salaries General Account 001010 in the amount of \$88,770.

**BACKGROUND**

HCIDLA's affordable housing portfolio consists of over 41,000 units. These properties are subject to one or more recorded regulatory agreements or covenants, which are placed on the property when the owner receives financing through HCIDLA's Call for Projects process; from multi-family housing bonds (Bonds) issued by the City; federal, state, and local loans and grants; and/or when the owner has received a land use concession, such as a density bonus. HCIDLA is mandated to monitor and preserve very low-, low-, and moderate-income-restricted housing units, which are set aside in these covenants and regulatory agreements for up to 55 years. Under the administrative oversight of HCIDLA, UFBA conducts occupancy monitoring of HCIDLA's affordable housing portfolio to ensure compliance with the rent, income, and occupancy restrictions codified in the City's affordable housing regulatory agreements and land use covenants.

Since 2003, HCIDLA has utilized the services of a contractor for occupancy monitoring services for the following reasons: 1) HCIDLA maintains an extremely large portfolio of affordable housing projects and units that require annual monitoring; 2) a highly specialized and technically advanced database is needed to document and track monitoring status; 3) it is necessary to calculate

current allowable rents and incomes for all restricted units; and, 4) compliance must be determined within various program guidelines. Current staffing levels do not enable HCIDLA staff to sufficiently monitor the extremely large and specialized portfolio of projects.

HCIDLA's occupancy monitoring contractor must have expert knowledge in not only HCIDLA's programs, but a multitude of complex financing programs, with distinct monitoring requirements that impact the HCIDLA Affordable Housing Portfolio. In March 2013, HCIDLA assumed responsibility for monitoring all the affordable housing developments previously funded by the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA). For this reason, the contractor must also have expertise in California Redevelopment Law and the monitoring of the CRA/LA housing assets.

Approval of funding for the annual amendment will prevent HCIDLA from experiencing any detrimental breaks in service provision. Failure to adequately monitor occupancy could result in illegal rent increases; ineligible families occupying restricted units; negative audit findings; financial penalties issued by the agencies that provide program oversight (e.g. U.S. Department of Housing and Urban Development); lawsuits for failure to perform mandatory monitoring, as required by local, state or federal program standards; and erosion of the public's faith in government-sponsored housing programs.

### **NEED FOR CONTRACTUAL SERVICES**

UFBA currently performs the following services as part of its contract with HCIDLA: onsite monitoring visits of all properties funded with HOME funds; review of all income documentation to ensure tenants living in the units are income-eligible; preparation of reports evidencing results of audits, site visits, and compliance reviews; determination of compliance for projects, providing monthly status reports to HCIDLA; training for property owners/managers; and maintenance of an online reporting platform for projects to submit documentation.

The extension of Occupancy Monitoring contracts will ensure that income-qualified tenants reside in the affordable units and that the rents charged are within the applicable program limits. The services that are performed by UFBA ensure that federal, state, and local requirements to perform occupancy monitoring are met. Without the continuation of the current contract, staff would be unable to manage the additional work and a severe backlog of work would result.

The number of assisted affordable housing units in the Affordable Housing Portfolio has grown from nearly 12,000 units in 2003 to over 41,000 units in 2018. As a result of new projects with federal funds, Bond allocations, and Land Use restrictions, it is expected that the portfolio will increase by several thousand affordable rental units over the next few years. Through this amendment, HCIDLA will add funds to the contract to: 1) monitor 600 additional affordable units and 2) report to the California Debt Limit Allocation Committee (CDLAC) on behalf of HCIDLA to meet new state-mandated annual reporting standards for the housing units produced through the Bond program.



A Charter Section 1022 was completed in 2016 and it was determined that the City currently does not have the staff available to perform the required occupancy monitoring services. In 2016, HCIDLA followed the City's competitive Requests for Proposals (RFP) process and selected Urban Futures Bond Administration (UFBA). Based upon the positive evaluation of UFBA's performance during the past contractual period, HCIDLA recommends that the UFBA contract be extended for six additional months at a cost of \$596,900, for a new contract total of \$2,496,900. The requested contract amendment for six months will allow future amendments to be aligned with the City's annual budget and Consolidated Plan, which is the source of this contract's funding. HCIDLA will request authority to extend the contract for a final year and to issue an RFP for occupancy monitoring services to initiate a new contract period in Fiscal Year 2020-21. The draft contract amendment is provided as an attachment to this transmittal.

### **FISCAL IMPACT**

There is no impact on the City's General Fund. Funding for this amendment will be provided by HOME Fund No. 561, Municipal Housing Finance Fund No. 815 and Low and Moderate Income Housing Fund No. 55J.

Prepared by:



BRITTANYA MURILLO  
Manager, Occupancy Monitoring Unit

Reviewed by:



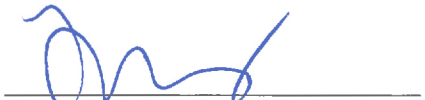
DOUG SWOGER  
Director, Asset Management

Reviewed by:



SEAN L. SPEAR  
Assistant General Manager

Approved by



LAURA K. GUGLIELMO  
Executive Officer

Approved by:



RUSHMORE D. CERVANTES  
General Manager

SECOND AMENDMENT  
TO AGREEMENT NO. C-129186 OF CITY OF LOS ANGELES CONTRACTS  
BETWEEN  
CITY OF LOS ANGELES  
AND  
URBAN FUTURES BOND ADMINISTRATION, INC.

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THIS SECOND AMENDMENT to Agreement Number C-129186 is made and entered into by and between the City of Los Angeles, a municipal corporation, hereinafter referred to as the City, and Urban Futures Bond Administration, Inc., a California corporation, hereinafter referred to as the Contractor.

WITNESSETH

WHEREAS, the City of Los Angeles has contracted with Urban Futures Bond Administration, Inc. wherein the Contractor shall provide Occupancy Monitoring under the Home Investment Partnership Grant, said Agreement is number C-129186, effective January 1, 2017, which together with all amendments thereto shall hereinafter be referred to as the Agreement; and

WHEREAS, Section 505 of the Agreement provides for amendments to the Agreement; and

WHEREAS, this Amendment is necessary and proper to continue this Program and to ensure uninterrupted services; and

WHEREAS, the City and the Contractor are desirous of amending the Agreement as authorized by the action of the Los Angeles City Council and Mayor (refer to Council File Number xx-xxxx authorized by City Council on xxx, 2018 and approved by the Mayor on xxxx, 2018, respectively), which authorized the General Manager of the Housing Community and Investment Department to prepare and execute an amendment to the Agreement for the purpose of: a) extending the term of the Agreement for an additional six months (6) months for a new ending date of June 30, 2019; b) adding additional funds in the amount of Five Hundred Ninety Six Thousand Nine Hundred Dollars (\$596,900) for a new total amount of Two Million Four Hundred Ninety Six Thousand Nine Hundred Dollars (\$2,496,900); and c) making other changes as are required in connection with the foregoing, all as detailed elsewhere in this Amendment.

NOW THEREFORE, the City and Contractor agree that the Agreement be amended, as follows:

## AMENDMENT

- §1. Amend Section 201, Time of Performance, by deleting the current end date of “December 31, 2018” and replacing it with the new end date of “June 30, 2019.”

This amendment adds an additional Six (6) months for a total term of Thirty (30) months.

- §2. Amend Section 301, Compensation and Method of Payment, subsection A, by deleting the current dollar amount of One Million Nine Hundred Thousand Dollars (\$1,900,000) and replacing it the new total dollar amount of Two Million Four Hundred Ninety Six Thousand Nine Hundred Dollars (\$2,496,900).

This amendment adds Five Hundred Ninety Six Thousand Nine Hundred (\$596,900) for a new total of Two Million Four Hundred Ninety Six Thousand Nine Hundred Dollars (\$2,496,900).

- §5. Exhibits H and J, shall be deleted and replaced with the revised Exhibits H and J, attached hereto and incorporated herein.
- §6. Except as herein amended, all terms and conditions of the Agreement shall remain in full force and effect.
- §7. This Amendment is executed in three (3) duplicate originals, each of which is deemed to be an original. This Amendment includes three (3) pages and two Exhibits, which constitute the entire understanding and agreement of the parties.

IN WITNESS WHEREOF, the City of Los Angeles and the Contractor have caused this Amendment to be executed by their duly authorized representatives.

APPROVED AS TO FORM:

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2018

MICHAEL N. FEUER, City Attorney

By \_\_\_\_\_  
Deputy/Assistant City Attorney

For: CITY OF LOS ANGELES  
RUSHMORE D. CERVANTES  
General Manager  
Housing and Community Investment Department

Date \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Laura K. Guglielmo  
Executive Officer

HOLLY L. WOLCOTT, City Clerk

By \_\_\_\_\_  
Deputy City Clerk

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2018

Date \_\_\_\_\_

For: Urban Futures Bond Administration, Inc.,  
A California corporation

(Contractor's Corporate Seal)

By \_\_\_\_\_  
Name: Marshall F. Linn  
Title: Chief Executive Officer

City BTRC Number: 948691-43

Internal Revenue Service Number: 95-4641627

D-U-N-S Number: 079273559

CFDA Number: HOME 14.239

Council File Number	Contract/Amendments	Mayoral Approval Dates
16-0729	Original Contract	February 13, 2017
16-0729	First Amendment	February 7, 2018
16-0729	Second Amendment	February 7, 2018

Said Agreement is Number C-129186 of City Contracts Amendment Second.





TCAC Agreement)																			
<b>Income source documentation w/ back-up</b> (50059 acceptable in lieu of support source docs if property has HUD contract; copy of current HUD contract must be obtained; for LU only TIC may replace source docs if TCAC Agmt)	X Initial	X Initial	X Initial	X Initial	X Initial	X Initial		X	X Initial	X	X Initial	X Initial	X					Income/Asset Verification	Annually (unless indicated Initial)

	MP		*EQ		NPP/NSP		Bond		Land Use	HOPWA	CRA				***Shelter/ HHH/ PSH-LU	Home Ownership	Significance	Frequency
<b>Income certification every 6 years</b> (50059 acceptable in lieu of support source docs if property has HUD contract; copy of current HUD contract must be obtained)	X	X			X	X								X			Income/Asset Verification	Every 6th year form IDIS or Placed-In- Service Date
<b>HOME Checklist</b>	X				X									X			Compliance	Annually
<b>Lease &amp; Lease addendum</b> (at initial move-in)	X	X			X	X								X			Compliance	Initial and as needed
<b>Lease Waiver</b> (if less than 12 mos.)	X	X			X	X								X			Compliance	Initial and as needed
<b>Occupancy summary</b> (replaces Bond Report for Bonds)	X	X	X	X	X	X	X	X	X	X	X	X	X	X			Compliance	Annually
<b>Transitional Occupancy Summary Report</b>														X			Compliance	Annually
<b>CCPC</b>	X	X	X	X	X	X	X	X		X	X	X	X	X	X		Compliance	Annually
<b>Bond program report</b> (Occupancy Summary Report in lieu of Bond Report)							X	X									Compliance	Annually

<b>CDLAC docs</b> (if applicable)								X	X										Compliance	Annually
<b>8703 tax form</b>								X	X										Compliance	Annually
<b>Rent Roll</b> (CRA/HCD must submit current and previous year's rent rolls)	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				Rent Verification	Annually
<b>Affidavit of Ownership</b>																		X	Establish Residency	Annually and as requested by HCIDLA
<b>HIV/AIDS Diagnosis</b> (collected w/initial move-in; must be within past year)											X								Program Eligibility	Initial
<b>Site Visits</b> (Documents collected at site visits: Sample Lease Agreement & Addendum; Property Management Plan, Waiting List, Tenant Selection Plan, Affirmative Marketing Plan (for projects with 5 or more units))	X	X				X	X										X			As Required (Collected w/each audit and as needed or requested by HCIDLA)

**\*\*TIC &/or 50059 may be accepted in lieu of TIRC for projects w/TCAC agreements or HUD contracts; must provide copy of TCAC agreement or HUD contract and rent adjustment letters**

**\*\*\*Permanent Support Housing (HHH) - must provide evidence of services**

**Revised EXHIBIT J  
Itemized Fee Schedule**

<b>Service</b>		<b>Fee</b>	<b>Explanation of Fee</b>
Bond		\$17.00	Per Unit
Major Project (MP)		\$27.00	Per Unit
CRA		\$22.00	Per Unit
Neighborhood Preservation Project (NPP)		\$22.00	Per Unit
Earthquake (EQ)		\$20.00	Per Unit
Land Use (LU)		\$14.00	Per Unit
Housing Opportunities for Persons with AIDS		\$17.00	Per Unit
Single Family- verify owner occupancy		\$15.00	Per Unit
CDLAC reporting		\$275.00	Per Project
Certified return receipt mailings		\$8.00	Per item
<b>Service</b>		<b>Every 3 Years, as needed</b>	<b>Explanation of Fees</b>
HOME, Non-Compliant and Bond On-Site Audit Fee		\$250.00	Per Visit
<b>Service</b>		<b>Fee</b>	<b>Explanation of Fee</b>
Annual Administrative Fees		10% of Annual Contract	Includes: new project set-up, compliance requests, queries, misc. reports, etc.
<b>Hourly Rates</b>		<b>Fee</b>	
Managing Director		\$130.00	
Compliance Lead		\$75.00	
Compliance Specialist		\$50.00	
Compliance Assistant		\$40.00	

All costs related to the "Scope of Work" are included in the itemized fee schedules listed above. UFBA does not charge additional fees for non-salary expenses (i.e. mileage, supplies, etc.)