

TRANSMITTAL

To:

THE COUNCIL

Date: 11/21/2017

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Ana Guerrero) for

ERIC GARCETTI
Mayor



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Housing Development Bureau
1200 West 7th Street, Los Angeles, CA 90017
tel 213.808.8638 | fax 213.808.8610
hcidla.lacity.org

November 20, 2017

Council File No.:	16-0729	
Council District:	Citywide	
Contact Persons:	Brittanya Murillo	(213) 808-8976
	Tsegalem Woldemariam	(213) 808-8985
	Doug Swoger	(213) 808-8948

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

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: REQUEST FOR AUTHORITY TO EXECUTE FIRST AMENDMENT TO CONTRACT WITH URBAN FUTURES BOND ADMINISTRATION FOR CONTINUATION OF SERVICES RELATED TO OCCUPANCY MONITORING OF AFFORDABLE HOUSING

SUMMARY

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) requests authority to execute a First Amendment to Contract No. C-129186 with Urban Futures Bond Administration, Inc. (UFBA), for the continuation of tenant occupancy monitoring services. The proposed amendment to the contract will extend the term of the contract by twelve (12) months, and increase the contract amount by \$950,000. 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. The requested contract amendment is needed in order to continue to perform tenant occupancy monitoring of the affordable housing portfolio for calendar year 2018.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that:

- I. Your Office schedule this transmittal for consideration at the next available meeting(s) of the appropriate City Council Committee(s) and forward it to the City Council for review and approval immediately thereafter; and

II. The City Council, subject to the approval of the Mayor, take the following actions:

A. Authorize the General Manager of HCIDLA, or designee, to execute a First Amendment to Contract No. C-129186 with Urban Futures Bond Administration, Inc., extending the contract term by one year, through December 31, 2018, and increasing the compensation by \$950,000, for a total contract amount not to exceed \$1,900,000. The additional amount of \$950,000 will be funded by: a) available funds appropriated to the Municipal Housing Finance Fund, No. 815, Account 43P243 in the amount of \$340,000, and HOME Investment Partnerships Program, Fund No. 561 in the amount of \$180,000; and, b) an appropriation from the Low and Moderate Income Housing Fund, No. 55J, Account 43P243 in the amount of \$430,000. The contract amendment shall be in substantial conformance with the draft document attached to this transmittal, subject to funding availability, approval of the City Attorney as to form, and compliance with City contracting requirements.

B. Authorize the use of \$430,000 from the available cash balance in the Low and Moderate Income Housing Fund to pay for occupancy monitoring services required for projects transferred to the City by the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA).

C. Authorize the City Controller to:

1. Establish a new account within the Low and Moderate Income Housing Fund, No. 55J, and appropriate the funds as follows:

<i>Account</i>	<i>Title</i>	<i>Amount</i>
43P243	Occupancy Monitoring	\$ 430,000

2. Expend funds upon proper demand of the General Manager of HCIDLA, or designee; and,

D. Authorize the General Manager of HCIDLA, or designee, to prepare Controller instructions and any technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and request the Controller to implement these instructions.

BACKGROUND

HCIDLA’s affordable housing portfolio consists of properties that are subject to one or more regulatory agreements or affordability covenants recorded on the property’s title. The affordability restrictions were established when the project received one or more of the following:

- Financing through the City’s Affordable Housing Trust Fund (AHTF);
- Multi-family Housing Bonds (Bond) issued by the City;
- Loans or grants, including those issued by the former CRA/LA; and/or,

- Land Use benefit/concession, such as a density bonus, parking reduction, development in the coastal zone protected by the Mello Act, or discretionary planning determinations.

HCIDLA's Occupancy Monitoring Unit is charged with annual tenant occupancy monitoring of the City's affordable housing units, governed by covenants and regulatory agreements, for a period of up to 55 years. Annual monitoring serves to ensure owner compliance with rent, income and other programmatic restrictions. The number of units in the affordable housing portfolio has grown from nearly 12,000 in 2003, to over 40,000 units in 2017. In 2013, the portfolio more than doubled when HCIDLA assumed responsibility for monitoring CRA/LA's restricted affordable housing units. It is expected that the portfolio will again increase by several thousand units over the next few years when new Land Use restrictions are in place and after new affordable housing projects receiving AHTF, Bond, and Measure HHH funding have been completed.

Annual occupancy monitoring is the means by which the City ensures that tenants are being charged the correct program rents throughout the period of time a project must remain affordable, per its covenant or regulatory agreement. Without annual occupancy monitoring, the City cannot:

- Preserve the affordability of the housing unit(s);
- Protect tenants against illegal rent increases;
- Ensure that income-qualified tenant(s) occupy restricted unit(s);
- Shield the City from negative audit findings resulting from the absence of appropriate monitoring of affordable housing project(s);
- Protect the City from potential lawsuits for failure to perform mandatory monitoring, as required by local, state or federal program standards; and/or
- Ensure affordable properties are marketed to the public and the listing is regularly updated on the City of Los Angeles Housing Resource Center at housing.lacity.org and its toll free hotline 1-877-428-8844.

NEED FOR CONTRACT SERVICES

Since 2003, HCIDLA has utilized the services of a contractor for occupancy monitoring purposes primarily because: 1) HCIDLA maintains an extremely large portfolio of affordable housing projects and units that require annual monitoring; 2) the need for a highly specialized and technically advanced database in order to document and track monitoring status; 3) the need to calculate current allowable rents and incomes; and, 4) the determination of compliance within various program guidelines. Current staffing levels do not enable HCIDLA to sufficiently monitor the extremely large and specialized portfolio of projects. By utilizing the services of a contractor, HCIDLA is able to stay on track with the review of voluminous documentation and continue to conduct on-going and mandatory site visits.

To provide this service, the contractor must have extensive tenant occupancy monitoring experience and have technical knowledge of the multiple funding sources' regulations, which can only be developed after years of experience: reviewing thousands of legal documents that restrict housing affordability, utilizing various funding entities' eligibility and intake forms, and applying program-specific tenant income verification methods. 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 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 one additional year at a cost of \$950,000. The draft contract amendment is provided as an attachment to this transmittal.

FISCAL IMPACT

There will be no impact on the City's General Fund.

Prepared by:



BRITTANYA A. MURILLO
Manager, Occupancy Monitoring Unit

Reviewed by:



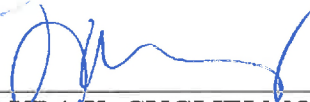
DOUGLAS SWOGER
Director, Asset Management Division

Reviewed by:



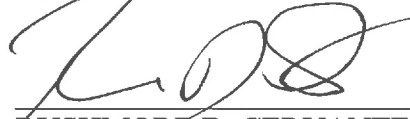
SEAN L. SPEAR
Assistant General Manager

Approved by:



LAURA K. GUGLIELMO
Executive Officer

Approved by:



RUSHMORE D. CERVANTES
General Manager

DS:BM:js

Attachment: Draft First Amendment to UFBA C-129186

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

THIS FIRST 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 16-0729, authorized by City Council on January 27, 2017 and approved by the Mayor on February 13, 2017, 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 twelve months (12) months for a new ending date of December 31, 2018; b) adding additional funds in the amount of Nine Hundred Fifty Thousand Dollars (\$950,000) for a new total amount of One Million Nine Hundred Thousand Dollars (\$1,900,000); Catalog of Federal Domestic Assistance (CFDA) 14.239; 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, 2017” and replacing it with the new end date of “December 31, 2018.”

This amendment adds an additional twelve (12) months for a total term of twenty four (24) months.

- §2. Amend Section 202.D.1.a and replace with the following:

a. Audit Schedule

On-site audits are required to take place at least every three (3) years. At least 20% of the project’s tenant files must be reviewed.

- §3. Amend Section 301, Compensation and Method of Payment, subsection A, by deleting the current dollar amount of Nine Hundred Fifty Thousand Dollars and replacing it the new total dollar amount of One Million Nine Hundred Thousand Dollars (\$1,900,000). This amendment adds Nine Hundred Fifty Thousand Dollars (\$950,000) for a new total of One Million Nine Hundred Thousand Dollars (\$1,900,000).

- §4. Add the following new section to the end of Section 4 to read as follows:

§432. Data Protection

- A. CONTRACTOR shall protect, using the most secure means and technology that is commercially available, CITY-provided data or consumer-provided data acquired in the course and scope of this Contract, including but not limited to customer lists and customer credit card or consumer data, (collectively, the “City Data”). CONTRACTOR shall notify CITY in writing as soon as reasonably feasible, and in any event within twenty-four hours, of CONTRACTOR’S discovery or reasonable belief of any unauthorized access of City Data (a “Data Breach”), or of any incident affecting, or potentially affecting City Data related to cyber security (a “Security Incident”), including, but not limited to, denial of service attack, and system outage, instability or degradation due to computer malware or virus. CONTRACTOR shall begin remediation immediately. CONTRACTOR shall provide daily updates, or more frequently if required by CITY, regarding findings and actions performed by CONTRACTOR until the Data Breach or Security Incident has been effectively resolved to CITY’S satisfaction. CONTRACTOR shall conduct an investigation of the Data Breach or Security Incident and shall share the report of the investigation with CITY. At CITY’S sole discretion, CITY and its authorized agents shall have the right to lead or participate in the investigation. CONTRACTOR shall cooperate fully with CITY, its agents and law enforcement.
- B. If CITY is subject to liability for any Data Breach or Security Incident, then CONTRACTOR shall fully indemnify and hold harmless CITY and defend against any resulting actions.

§433. Contractors' Use of Criminal History for Consideration of Employment Applications

CONTRACTOR shall comply with the City Contractors' Use of Criminal History for Consideration of Employment Applications Ordinance, LAAC Section 10.48 et seq., as amended from time to time. Any subcontract entered into by CONTRACTOR for work to be performed under this Contract must include an identical provision.

§434. Limitation of City's Obligation to Make Payment to Contractor

Notwithstanding any other provision of this Contract, including any exhibits or attachments incorporated therein, and in order for CITY to comply with its governing legal requirements, CITY shall have no obligation to make any payments to CONTRACTOR unless CITY shall have first made an appropriation of funds equal to or in excess of its obligation to make any payments as provided in this Contract. CONTRACTOR agrees that any services provided by CONTRACTOR, purchases made by CONTRACTOR or expenses incurred by CONTRACTOR in excess of the appropriation(s) shall be free and without charge to CITY and CITY shall have no obligation to pay for the services, purchases or expenses. CONTRACTOR shall have no obligation to provide any services, provide any equipment or incur any expenses in excess of the appropriated amount(s) until CITY appropriates additional funds for this Contract.

§435. Compliance with Identity Theft Laws and Payment Card Data Security

CONTRACTOR shall comply with all identity theft laws including without limitation, laws related to: (1) payment devices; (2) credit and debit card fraud; and (3) the Fair and Accurate Credit Transactions Act ("FACTA"), including its requirement relating to the content of transaction receipts provided to Customers. CONTRACTOR also shall comply with all requirements related to maintaining compliance with Payment Card Industry Data Security Standards ("PCI DSS"). During the performance of any service to install, program or update payment devices equipped to conduct credit or debit card transactions, including PCI DSS services, CONTRACTOR shall verify proper truncation of receipts in compliance with FACTA.

§436. Compliance with California Public Resource Code Section 5164

California Public Resources Code Section 5164 prohibits a public agency from hiring a person for employment or as a volunteer to perform services at any park, playground, or community center used for recreational purposes in a position that has supervisory or disciplinary authority over any minor, if the person has been convicted of certain crimes as referenced in the Penal Code, and articulated in California Public Resources Code Section 5164(a)(2).

If applicable, CONTRACTOR shall comply with California Public Resources Code Section 5164, and shall additionally adhere to all rules and regulations that have been adopted or that may be adopted by CITY. CONTRACTOR is required to have all employees, volunteers and Subcontractors (including all employees and volunteers of any Subcontractor) of CONTRACTOR working on premises to pass a fingerprint and background check through the California Department of Justice at CONTRACTOR'S sole expense, indicating that such individuals have never been convicted of certain crimes as referenced in the Penal Code and articulated in California Public Resources Code Section 5164(a)(2), if the individual will have supervisory or disciplinary authority over any minor.

§437. Possessory Interest Tax

Rights granted to CONTRACTOR by CITY may create a possessory interest. CONTRACTOR agrees that any possessory interest created may be subject to California Revenue and Taxation Code Section 107.6 and a property tax may be levied on that possessory interest. If applicable, CONTRACTOR shall pay the property tax. CONTRACTOR acknowledges that the notice required under California Revenue and Taxation Code Section 107.6 has been provided.

- §5. Exhibits H and J, shall be 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, 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 _____, 2017

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 _____, 2017

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
xx-xxxx	First Amendment	MM DD, 2017

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

Revised EXHIBIT H - MONITORING DOCUMENTS TO BE COLLECTED BY THE PROGRAM TYPE

	MP		EQ		NPP/NSP		Bond		Land Use	HOPWA	CRA				***Shelter/ HHH/ PSH-LU	Home Ownership	Significance	Frequency
	HOME	N/H	MP	NPP	HOME	N/H	HAP	nonHAP			HOME	HCD	Bond	HAP				
	TIRC - Initial (replaces ICC for Bonds; TIRC, TIC or 50059 acceptable in lieu of ICC; must provide copy of HUD contract or TCAC Agreement)	X	X	X	X	X	X		X		X	X	X				Income/Asset Verification	Initial and as needed
TIRC - Recert (replaces ICC for Bonds; TIRC, TIC or 50059 acceptable in lieu of ICC; must provide copy of HUD contract or TCAC Agreement)	X	X			X	X		X		X	X	X				Income/Asset Verification	Annually and as needed	
ICC (TIRC, TIC or 50059 acceptable in lieu of ICC; must provide copy of HUD contract or TCAC Agreement)								X				X				Income/Asset Verification	Annually	
**TIC (can be accepted in lieu of TIRC only for projects w/TCAC agreements; must provide a copy of TCAC Agmt)	**	**	** Initial	** Initial	**	**		**	** Initial	**	**	**	**			Income Verification	Annually and as needed	
**50059 (only to be accepted for projects w/HUD contracts; must provide copy of HUD contract and rent adjustment letters)	**	**	** Initial	** Initial	**	**		**	** Initial	** Initial	**	**	**	**		Income/Asset Verification	Annually and as needed	
ICC (TIRC, TIC or 50059 acceptable in lieu of ICC; must provide copy of HUD contract or TCAC Agreement)								X				X				Income/Asset Verification	Annually	
Intake Form (w/lease rider to release information from other agencies)														X		Compliance	Annually	
HCIDLA Move-In Approval (50059 or TIC acceptable in lieu of HCIDLA Approval form; must provide copy of HUD contract or TCAC Agreement)									X								Initial	
Income & Asset Source Documentation (50059 acceptable in lieu of support source docs if property has HUD contract; copy of current HUD contract must be obtained; for LU and CRA/HCD only TIC may replace source docs if TCAC Agmt; copy of TCAC Agmt must be obtained)	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)	

Revised EXHIBIT H - MONITORING DOCUMENTS TO BE COLLECTED BY THE PROGRAM TYPE

	MP		EQ		NPP/NSP		Bond		Land Use	HOPWA	CRA				***Shelter/ HHH/ PSH-LU	Home Ownership	Significance	Frequency
Income & Asset Source Documentation every 6 years (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
HOME Checklist	X				X							X					Compliance	Annually
Lease & Lease addendum (at intial move-in)	X	X			X	X						X					Compliance	Initial and as needed
Lease Waiver (if less than 12 mos.)	X	X			X	X						X					Compliance	Initial and as needed
Occupancy summary (replaces Bond Report for Bonds)	X	X	X	X	X	X	X	X	X	X	X	X	X	X			Compliance	Annually
Transitional Occupancy Summary Report														X			Compliance	Annually
CCPC	X	X	X	X	X	X	X	X		X	X	X	X	X			Compliance	Annually
Bond program report (Occupancy Summary Report in lieu of Bond Report)							X	X					X				Compliance	Annually
CDLAC docs (if applicable)							X	X					X				Compliance	Annually
8703 tax form							X	X					X				Compliance	Annually
Rent Roll (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			Rent Verification	Annually
Affidavit of Ownership															X		Establish Residency	Annually and as requested by HCIDLA
HIV/AIDS Diagnosis (collected w/initial move-in; must be within past year)										X							Program Eligibility	Initial
Site Visits (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**

Service	Fee	Explanation of Fee
Bond Program Monitoring	\$17.00	Per Unit
HHH-only Program Monitoring	\$17.00	Per Unit
Major Project (MP) Program Monitoring; MP+HHH Program Monitoring	\$27.00	Per Unit
CRA Program Monitoring	\$22.00	Per Unit
Neighborhood Preservation Project (NPP) Program Monitoring	\$22.00	Per Unit
Earthquake (EQ) Program Monitoring	\$20.00	Per Unit
Land Use (LU) Program Monitoring	\$14.00	Per Unit
Housing Opportunities for Persons with AIDS (HOPWA) Program Monitoring	\$17.00	Per Unit
Single Family- verify owner occupancy	\$15.00	Per Unit
CDLAC reporting	\$275.00	Per Project
Non-compliant Late Project Fee	\$150.00	Per Project
Certified return receipt mailings	\$8.00	Per item

Service	Every 3 Years, as needed	Explanation of Fees
HOME, Non-Compliant and Bond On-Site Audit Fee	\$250.00	Per Visit

Service	Fee	Explanation of Fee
Annual Administrative Fees	10% of Annual Contract	Includes: new project set-up, compliance requests, queries, misc. reports, etc.

*Hourly Rates	Fee
Managing Director	\$130.00
Compliance Lead	\$75.00
Compliance Specialist	\$50.00
Compliance Assistant	\$40.00

**Note: Hourly rates are provided only for services performed outside the scope of work*

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.)