

TRANSMITTAL

To:

THE COUNCIL

Date: 2/14/2017

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Ana Guerrero)

ERIC GARCETTI
Mayor



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Office of the General Manager

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February 9, 2017

Council File: New
Council District: Citywide
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Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: REQUEST FOR AUTHORITY TO ACCEPT A DONATION FROM THE CALIFORNIA COMMUNITY FOUNDATION AND NEW POSITION AUTHORITY FOR THREE POSITIONS IN SUPPORT OF INCREASING MULTI-FAMILY AFFORDABLE HOUSING PRODUCTION

SUMMARY

The Los Angeles Housing and Community Investment Department (HCIDLA) requests authorization to accept a donation in the amount of \$300,000 from the California Community Foundation (CCF), over a three-year period and resolution authority for three staff. Of this amount \$200,000 will be used to partially fund two positions in HCIDLA's multi-family bond program over three years and the remaining \$100,000 will be used to partially fund one position over two years to coordinate a more streamlined and efficient multi-family affordable housing production approval process.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests the following:

- I. That your office schedule this transmittal for consideration at the next available meeting(s) of the appropriate Committee(s) of the City Council and forward it to the City Council for review and approval immediately thereafter; and,
- II. That the City Council, subject to the approval of the Mayor:
 - A. Authorize the General Manager of HCIDLA, or designee, to accept from the California Community Foundation (CCF) donation funds in the amount of \$300,000, which will be provided incrementally over a three-year period, to be utilized to partially fund two new HCIDLA staff positions for the multi-family bond program and partially fund one position over two years for expediting affordable housing production;

B. Authorize the Controller to deposit \$300,000, which will be provided incrementally over a three-year period (\$150,000 in FY 2016-17; \$125,000 in FY 2017-18; and \$25,000 in FY 2018-19), into the Municipal Housing Finance Fund 815 and appropriate therefrom upon receipt of the funds as follows:

<u>Fiscal Year</u>	<u>Fund/Dept/Account</u>	<u>Account Name</u>	<u>Amount</u>	
2016-17	815/43/43N143	Housing and Community Investment	\$ 111,485	
	815/43/43N299	Reimbursement of General Fund Costs	<u>38,515</u>	
		Total	<u>\$ 150,000</u>	
	100/43/001010	Salaries General	\$ 93,050	
	100/43/006010	Office and Administrative	10,960	
	100/43/006030	Leasing	<u>7,475</u>	
		Total	<u>\$ 111,485</u>	
	2017-18	815/43/TBD	Housing and Community Investment	\$ 90,374
		815/43/TBD	Reimbursement of General Fund Costs	<u>34,626</u>
			Total	<u>\$ 125,000</u>
100/43/001010		Salaries General	\$ 83,654	
100/43/006030		Leasing	<u>6,720</u>	
		Total	<u>\$ 90,374</u>	
2018-19	815/43/TBD	Housing and Community Investment	\$ 18,075	
	815/43/TBD	Reimbursement of General Fund Costs	<u>6,925</u>	
		Total	<u>\$ 25,000</u>	
	100/43/001010	Salaries General	\$ 16,731	
	100/43/006030	Leasing	<u>1,344</u>	
		Total	<u>\$ 18,075</u>	

C. Authorize by resolution the following positions within HCIDLA through June 30, 2017:

No	Class Code	Class Title	Function
1	1571-1	Finance Development Officer I	Bond Unit
1	9184-2	Management Analyst II	Bond Unit
1	8504	Housing Planning/Econ Analyst	Housing Production Expeditor

D. Instruct the General Manager of HCIDLA, or designee, to prepare Controller's instructions and make any necessary technical adjustments consistent with the Mayor and City Council actions on this matter, subject to the approval of the City Administrative Officer, and request the Controller to implement these instructions.

BACKGROUND

The CCF is a Los Angeles based organization that since 1915 has worked to strengthen and transform communities and improve the quality of life of residents in the Los Angeles region. In response to the continued housing crisis, the CCF has awarded HCIDLA a \$200,000 grant, over a three-year period, to partially fund two positions in its multifamily bond program and an additional \$100,000 grant over a two-year period to partially fund one position to help expedite multi-family housing production. Attached is a detailed description of how the grant funds will be distributed over the next three years and the proposed City match over the next five years.

Bond Unit

The two positions for the Bond Unit (one Finance Development Officer and one Management Analyst) will assist HCIDLA with addressing the increased workload as a result of the surge in demand for use of its multi-family, affordable housing bonds. Demand has surged and is expected to continue at a robust pace due to increases in new construction of affordable multi-family housing, many of which leverage other funding sources that favor bonds; rehabilitation and preservation projects; and the number of prior bond projects that are recently eligible for year 15 recapitalizations.

As outlined in the attachment, the CCF grant, combined with HOME program delivery funds and the collection of construction period interest built into its loan agreements, will fully fund these two positions, including benefits and overhead, during Fiscal Year 16-17. In the following years, although the available CCF grant funds will decrease the anticipated bond fees and construction period interest will increase, resulting in the need for a General Fund contribution of approximately \$75,000 in year 2, becoming self-sufficient in year 3 and forward. It is anticipated that by adding these two positions, HCIDLA can increase its multi-family affordable bond production by approximately 30 percent.

Housing Production Expeditor

The CCF shares the concern of the Mayor and many for profit and not for profit multi-family affordable housing developers that the City's current processes for development of land for these purposes could be better coordinated and be made more efficient. To address this concern, the CCF has awarded HCIDLA a \$100,000 grant over two years to partially fund one position (Housing Planning/Economic Analyst) tasked with working with the Departments of City Planning, Building and Safety, Recreation and Parks, HCIDLA and others, as well as elected officials and their staffs to facilitate and accelerate the current procedural approval processes to construct high quality, safe, and affordable multi-family housing throughout the City. A portion of the salaries may be covered in the future through an administrative allowance under the recently approved Proposition HHH and/or earned interest derived from construction loans.

FISCAL IMPACT STATEMENT

For the current fiscal year, the CCF grant will fully fund the two positions for the Bond Unit, including benefits and overhead, but will only cover \$50,000, or approximately 80 percent of the fully burdened cost of the third position serving as Housing Production Expeditor. A General Fund match of approximately \$12,000 is required in the current fiscal year to fill that gap and additional General Fund appropriations will be required in future years as outlined in the attachment. HCIDLA has included the ongoing costs for these three positions in its 2017-18 Proposed Budget.

Attachment

Prepared by:



LAURA K. GUGLIELMO
Executive Officer

Approved by:



RUSHMORE D. CERVANTES
General Manager

Expansion of the Bond Program - 5 Year Projection (w/3.5 mo. for first year)								rev 01 31 17
			Year 1 (3.5mo.) FY17	Year 2 FY18	Year 3 FY19	Year 4 FY20	Year 5 FY21	Year 6 FY22
No.	Job Classification	Salaries (per Wages & Count)	Total Salaries	Total Salaries	Total Salaries	Total Salaries	Total Salaries	Total Salaries
1	Mgmt. Analyst II	94,705	27,622	96,599	98,531	100,502	102,512	104,562
1	FDO I	103,669	30,237	105,742	107,857	110,014	112,215	115,020
2	Total Costs for Salaries		57,859	202,341	206,388	210,516	214,726	219,582
	Fringe Benefits & Other (CAP 38 Draft 49.67%)		28,739	100,503	102,513	104,563	106,655	109,066
	Start up Equipment/Supplies		14,264	0	0	0	0	0
	Lease costs (9.64%)		5,578	19,506	19,896	20,294	20,700	21,168
	GASP (20%)		11,572	40,468	41,278	42,103	42,945	43,916
	Related Costs and Administrative Expenses		60,152	160,477	163,687	166,960	170,300	174,150
	TOTAL HCIDLA EXPENSES		118,011	362,819	370,075	377,476	385,026	393,732
Projected Revenue	California Community Foundation Funding		100,000	75,000	25,000	0	0	0
	Increase in One-Time Issuer Fees (Est. 3 Bond Projects / 246 units a year)		0	114,892	114,892	114,892	114,892	114,892
	Annual Bond Fees (Year 1)			24,829	6,207	6,207	6,207	6,207
	Annual Bond Fees (Year 2)				49,658	12,415	12,415	12,415
	Annual Bond Fees (Year 3)					49,658	12,415	12,415
	Annual Bond Fees (Year 4)						49,658	12,415
	Annual Bond Fees (Year 5)							49,658
	Tota Annual Bond Fees by Year (Year 1 - 5)		0	24,829	55,866	68,280	80,695	93,109
	Total Construction Period Interest by Collection Year		0	0	176,000	176,000	176,000	176,000
	Construction Period Interest (FY17 Agreements)			88,000	88,000			
	Construction Period Interest (FY18 Agreements)				88,000	88,000		
	Construction Period Interest (FY19 Agreements)					88,000	88,000	
	Construction Period Interest (FY20 Agreements)						88,000	88,000
	HOME Program Delivery		18,011	72,564	74,015	75,495	77,005	78,746
	TOTAL PROJECTED REVENUE		118,011	287,285	445,772	434,667	448,592	462,748
	BALANCE		(0)	(75,534)	75,697	57,191	63,566	69,015

Expansion of the Bond Program - 5 Year Projection (w/ 3.5 mo. for first year)								
			Year 1 FY17 (3.5 mo.)	Year 2	Year 3	Year 4	Year 5	Year 6
No.	Job Classification	Salaries (per Wages & Count)	Total Salaries	Total Salaries	Total Salaries	Total Salaries	Total Salaries	Total Salaries
1	Housing Planning/Economic Analyst (HPEA)	104,377	30,443	106,465	108,594	110,766	112,981	115,806
1	Total Costs for Salaries		30,443	106,465	108,594	110,766	112,981	115,806
	Fringe Benefits & Other (CAP 38 Draft 49.67%)		15,121	52,881	53,939	55,017	56,118	57,521
	Start up Equipment/Supplies		7,132	0	0	0	0	0
	Lease costs (9.64%)		2,935	10,263	10,468	10,678	10,891	11,164
	GASP (20%)		6,089	21,293	21,719	22,153	22,596	23,161
	Related Costs and Administrative Expenses		31,277	84,437	86,126	87,848	89,605	91,845
	TOTAL EXPENSES		61,720	190,902	194,720	198,614	202,586	207,651
	TOTAL REVENUE from California Community Foundation		50,000	50,000	0	0	0	0
	BALANCE (General Fund Request)		(11,720)	(140,902)	(194,720)	(198,614)	(202,586)	(207,651)