

TRANSMITTAL

To:

THE COUNCIL

Date: 6/13/2018

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

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

ERIC GARCEITI
Mayor

(Ana Guerrero) for



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



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

June 4, 2018

Council File: 15-0600-S71
Council Districts: City wide
Contact Persons: Sean Spear: (213) 808-8901
Laura Guglielmo: (213) 808-8405

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: LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT (HCIDLA) REQUEST FOR AUTHORITY TO UTILIZE \$150,000 OF PROGRAM INCOME TO ENTER INTO AN INDIVIDUAL TASK AND PLACEMENT AGREEMENT UNDER THE CITY'S MASTER PLACEMENT AGREEMENT WITH FUSE CORPS, FOR PLACEMENT OF A FELLOW IN HCIDLA'S HOUSING DEVELOPMENT BUREAU

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.

In 2015, the Los Angeles City Administrative Officer (CAO) executed a Master Placement Agreement (Master Agreement) with Fuse Corps (City Contract No. C-125791), through which any City department may work directly with Fuse Corps (Fuse) to identify fellowship opportunities (C.F. # 15-0600-S71).

HCIDLA requests authority to utilize \$150,000 from HCIDLA's Low and Moderate Income Housing Fund (LMIHF) to enter into an Individual Task and Placement Agreement, pursuant to the Master Agreement with Fuse, to place a Fuse Corps Fellow (Fuse Fellow) in HCIDLA's Housing Development Bureau. The Fuse Fellow will lay the groundwork for establishing a Local Housing Finance Agency (HFA) in Los Angeles. HCIDLA anticipates that creating the HFA, a new entity for the issuance of debt, will further develop the City's ability to strategically manage its resources and promulgate its evolving housing policy.

RECOMMENDATIONS

- 2) Recruit Candidates - Fuse conducts a dedicated executive search to fill each unique fellowship opportunity. Outreach is conducted to solicit experienced leaders from the private and social sectors, utilizing extensive networks. Department hosts are encouraged to participate in the final Fuse Fellow selection.
- 3) Train Fuse Fellows – Fuse Fellows attend the Fuse Leadership Institute prior to starting their fellowship. The Institute begins with a week of pre-fellowship training on design thinking, rapid prototyping, influencing strategy, change management, negotiation principals, leadership, and other tools. In addition, Fuse Fellows are offered ongoing training opportunities throughout the yearlong fellowship.
- 4) Executive Coach - Each Fuse Fellow is paired with an experienced executive coach as well as a host "champion" within their placement department to ensure the greatest opportunity in achieving success with project goals.
- 5) Manage Fellowships - Fuse organizes monthly meetings among current Fuse Fellows to create peer-to-peer support; meetings are also attended by Fuse alumni and other guest speakers who help Fuse Fellows to brainstorm effective approaches for challenges faced. Fuse staff also conducts regular "check-in" meetings with Fuse Fellows and their hosts to monitor progress and provide additional feedback and management support as needed, to each project.
- 6) Network Resources - Fuse has an extensive national network of cross-sector community leaders that have mentored Fuse Fellows and engaged directly in Fuse projects. Currently, Fuse is building local advisory boards in cities such as San Francisco and Los Angeles.
- 7) Promote Outcomes - Fuse works with government partners to broadly communicate project success through social media, utilizing various Fuse case studies. Fuse highlights their government partnerships as national models of civic innovation, and at the conclusion of each fellowship project, Fuse Fellows and hosts speak at conferences and other events, including a capstone public presentation that showcases fellowship project success.

Utilizing the above model, the goal of each fellowship is to achieve specific deliverables outlined in the project scope of work at the outset of the partnership between Fuse and the department partner. Fuse Fellows have no employment relationship with the City; instead, Fuse and the City department come to agreement on the Fuse Fellow placement and project objectives, then memorialize the agreement with an Individual Task and Placement Agreement (see Attachment 1 to this transmittal) in accordance with the Fuse Master Agreement.

Fellowship with HCIDLA Housing Development Bureau

The Housing Development Bureau facilitates the financing of affordable housing projects using local, state, and federal funds to build and preserve housing in communities throughout the City. Funds are leveraged with private investments in order to maximize existing resources.

HFAs are quasi-public agencies that access private capital markets to provide additional lending capital for public loans. HFAs use the funding raised to provide below-market mortgage loans, thus expanding

home-buying and affordable rental housing development opportunities for those borrowers who might not otherwise be served.

More than 55,000 people lack shelter in the Los Angeles metro area on any given night, according to the U.S. Department of Housing and Development. Meanwhile, the housing crisis has been exacerbated by factors, including gentrification and restrictive zoning laws, which have drastically reduced the number of affordable units. Since federal housing funds have been slashed, with the most recent budget proposal from the White House calling for even deeper cuts, the City must increasingly expand its own capabilities to fund affordable housing.

Reducing homelessness in Los Angeles is a priority with such strong support, and one that is linked so closely with the housing crisis, that voters in 2016 overwhelmingly approved a \$1.2 billion bond measure toward construction of housing for the area's homeless population (more commonly known as Measure HHH). In addition, City Ordinance No. 185342 established an Affordable Housing Linkage Fee to be imposed on development projects in the City, with revenue directed to a Housing Impact Trust Fund (HITF, Ordinance No. 185341) to develop additional types of affordable housing for low- and moderate-income families.

HCIDLA is the largest municipal issuer of affordable housing bonds in California and an active provider of financial products for rental and for-sale affordable housing. Seeking to expand housing stock by establishing new and more self-sufficient financing methods, over the past year HCIDLA has begun the initial phases of creating a Housing Finance Agency (HFA) modeled on the New York City Housing Development Corporation, which has been successful in generating direct subsidies for housing through the issuance of bonds and low-cost development loans.

With a capability analysis almost complete and delineation of an implementation strategy underway, HCIDLA is now preparing for the second phase of the project: actual implementation of an HFA. To support this work, HCIDLA will partner with FUSE Corps to host an executive fellow for one year who will help clear legislative hurdles, devise a business plan, secure first-stage funding, and launch the Los Angeles Housing Finance Agency.

Starting in October 2018, the FUSE Fellow, in consultation with HCIDLA management, will determine a work plan for establishing the HFA, building strong relationships with HCIDLA's executive management team, and coordinating with varied stakeholders, including city staff, consultants, and partners. Once a work plan is established, the fellow will lay the groundwork for establishing the HFA. Specifically, the Fuse Fellow will ensure any proposed program meets applicable legislative requirements and assist in coalescing momentum to obtain the required legislative authorization. Once authorization for the HFA is obtained, the fellow will take the lead in program design and implementation, including business plan and funding identification. If successful, the fellow will play a key role in producing new financing tools that help HCIDLA tackle the city's housing shortage for decades to come.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommendations made in this report will allow for an amount, not to exceed \$150,000 in program income from the Low and Moderate Income Housing Fund, for a Fuse Fellow to assist HCIDLA's Housing Development Bureau.

Prepared by:



SEAN SPEAR
Assistant General Manager
Housing Development Bureau

Reviewed by:



LAURA GUGLIELMO
Executive Officer

Approved by:



RUSHMORE D. CERVANTES
General Manager

CITY OF LOS ANGELES
FUSE CORPS
INDIVIDUAL TASK AND PLACEMENT AGREEMENT

Fellowship: City of Los Angeles, Housing and Community Investment
Department (HCIDLA)

Fellow Reports to: Sean Spear, Assistant General Manager, Housing and
Community Investment Department

Location of Fellowship: Los Angeles, California

Fellowship time base: Full-Time

General Terms and Conditions between the City and FUSE Corps.

The City department executing this Individual Task and Placement Agreement and FUSE Corps (FUSE) acknowledge that the terms and conditions of the Master Placement Agreement, City Contract #C-125791, apply to the City department and FUSE as it relates to the performance of this Individual Task and Placement Agreement. FUSE and HCIDLA shall notify the Office of the City Administrative Officer upon execution of this placement agreement.

Project Description:

The following provides a general overview of the proposed fellowship project. This project summary will be collaboratively revisited by the host agency, the fellow, and FUSE staff during the first few months of the fellowship, after which a revised scope of work will be developed and agreed upon by the fellow and the host agency.

Starting in October 2018, it is proposed that the FUSE Fellow will begin by assessing work completed on establishing a Local Housing Finance Agency (HFA) to date and, in consultation with HCIDLA management, determine work remaining and a plan for carrying it out. The fellow will build strong relationships with HCIDLA's executive management team while demonstrating the flexibility and confidence to coordinate effectively with varied stakeholders including city staff, consultants and partners.

Following this initial assessment, the fellow will be well-equipped to pivot quickly to laying the groundwork for establishing the HFA, specifically around fulfilling the applicable legislative requirements. Relying on research and presentation skills, adaptability and working relationships with stakeholders, the fellow will assist in overcoming challenges and coalescing momentum to achieve the required legislation.

Once legislative authorization for the HFA is obtained, the fellow will move into the implementation phase. Utilizing goal-setting and organizational skills, the fellow will design a solid business plan, secure funding and coordinate the creation of the HFA. Expertise in public finance will be essential in exploring and evaluating financing options that will ultimately lead to the success of the project. By providing HCIDLA with new

tools and capabilities, the fellow will help the HFA expand housing in Los Angeles in the long-term, alleviating the toll of homelessness and increasing affordable options for Angelenos.

Fellow Support provided by the Placement:

Rushmore Cervantes, General Manager of the Housing and Community Investment Department, and his/her staff will facilitate introductions and meetings with key staff within the City as well as elected officials as appropriate. HCIDLA will provide basic office infrastructure (workspace, email, phone etc). The fellow will be supervised by Sean Spear, Assistant General Manager of Housing Development at HCIDLA.

Financial Considerations Between the City and FUSE Corps regarding the Fellow:

HCIDLA will provide no stipend to the Fellow in addition to that provided by FUSE.

HCIDLA will directly reimburse the Fellow for expenses the Fellow incurs to execute duties required by this role such as travel expenses, consistent with the City Controller's Travel Policy. All such travel expenses require written pre-approval of HCIDLA. HCIDLA will have no financial obligation for expenses related to duties required by FUSE, such as travel by the Fellow to FUSE trainings or events.

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Attachment 1

Financial Commitment Between the City and FUSE Corps as it Relates to the Individual Placement for FUSE Fellow for the Period Effective July 1, 2018.

By executing this Individual Task and Placement Agreement, the Housing and Community Investment Department (HCIDLA) notifies FUSE that HCIDLA has appropriated sufficient funds and taken all necessary steps to commit to the Placement and Funding Structure below. FUSE will submit invoices directly to HCIDLA for the two amounts listed below, the amount and timing of which are set forth for all departments in the City's Master Contract with FUSE.

Placement and Funding Timeline	Placement and Funding Structure
May 7, 2018	Agreement between FUSE and HCIDLA to host a fellow in the upcoming program year
May 7, 2018	Recruitment begins for FUSE fellows to fill projects
July 16, 2018	Payment of initial half of \$150,000 total fee is due (\$75,000)
Late August or Early September 2018	Target dates by which Department will interview Finalists
September 24-27, 2018	Orientation Training in Los Angeles for all Fellows
October 1, 2018	Fellows' first official day working onsite, including structured onboarding actions directed by the Fellow's direct report
January 15, 2019	Payment of second half of \$150,000 total fee is due (\$75,000)
Late March or Early April 2019	Weeklong Midterm Training for all Fellows (location TBD)
September 20, 2019	Final day of work for Fellow

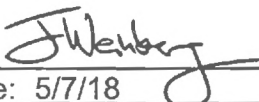
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Attachment 1

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the Effective Date.

FUSE CORPS

CITY OF LOS ANGELES

By: 
Date: 5/7/18
Name: James Weinberg
Title: Chief Executive Officer

By: _____
Date: _____
Name: Rushmore Cervantes
Title: General Manager
