

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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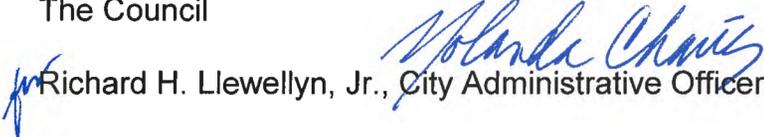
Date: May 16, 2018

CAO File No. 0220-05151-0036

Council File No.

Council District: All

To: The Mayor  
The Council

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

Reference: Request from the Housing Authority of the City of Los Angeles dated February 22, 2018

Subject: **REQUEST FOR A \$7,500,000 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)**

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### 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) for calendar years 2018, 2019, and 2020, totaling \$7.5 million;
2. Approve the following PILOT funds expenditure plan and request HACLA to allocate the \$7,500,000 in PILOT funds for calendar years 2018, 2019, and 2020 to the following expenditures:

Expenditure Item	Annual Amount	Total Amount 2018-20
Summer Youth Employment Program (SYEP)	\$1,000,000	\$3,000,000
Camera Systems Upgrade and Maintenance	750,000	2,250,000
Employment Technology Centers/Computer Labs	300,000	900,000
Recreation Program and Operation of Facilities	450,000	1,350,000
<b>Total</b>	<b>\$2,500,000</b>	<b>\$7,500,000</b>

3. Authorize the Executive Director of HACLA, or designee, to:
  - a. Expend up to \$3,000,000 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 \$2,250,000 directly for camera systems upgrade and maintenance at five (5) HACLA sites;

- c. Expend up to \$900,000 directly to support staffing and needed enhancements for HACLA's existing ten (10) Employment Technology Centers/Computer Labs;
- d. Expend up to \$1,350,000 directly for recreational programs and operation of recreational facilities at six (6) HACLA sites.

## **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 \$7,500,000 to provide summer jobs to youth living in public housing, camera systems upgrade and maintenance, staffing and needed enhancements to Employment Technology Centers/Computer Labs, and recreational programs. The funding would cover calendar years 2018, 2019, and 2020. This Office concurs with the proposed allocation of the PILOT funds.

## **BACKGROUND**

The City and HACLA signed a PILOT Cooperation Agreement in 1939. Under this Agreement, HACLA reimburses the City for the value of municipal services provided to its developments, given that HACLA is exempt from paying property taxes. The City has historically granted waivers to allow HACLA to use these funds for services that benefit residents or for capital and infrastructure improvements at the various housing developments. The annual amount is based on the level of rents collected from public housing residents.

In November 2016, HACLA requested a waiver of \$2,400,000 in PILOT funds. In May 2017, the Council approved the use of funds to support the SYEP (\$1,000,000), make water-wise landscape improvements (\$37,492), upgrade and maintain camera systems supporting the Community Safety Partnership (CSP) program (\$490,000), upgrade computer centers (\$283,000), establish and refurbish community gardens (\$56,000), and reimburse the City's General Fund (\$533,508) for services provided by the Department of Recreation and Parks (RAP) at the Imperial Courts location (Council File 16-0641). RAP ceased all operations at HACLA facilities effective December 2017, so no further General Fund reimbursements are anticipated.

## **CURRENT REQUEST**

PILOT waiver requests from HACLA have previously been made on an annual basis. In October 2017, the HACLA Board of Commissioners authorized HACLA to request a three-year PILOT waiver, from 2018 to 2020, amounting to \$7,500,000. The three-year term is requested to provide financial consistency for HACLA and greater contracting flexibility with non-profit partners operating recreational programs on-site at HACLA's facilities.

The HACLA request includes \$1,000,000 annually (\$3,000,000 over the three-year term) for the SYEP, which is consistent with previous requests approved by Council for 2014, 2015, and 2016.

This program funds the summer hiring of over 500 youth living in public housing; over 1,500 in the three-year period.

HACLA also requests \$750,000 annually (\$2,250,000 over three years) for upgrades and maintenance to its existing camera systems, which are used to support Los Angeles Police Department activities and the efforts of its CSP program. New systems are needed at five (5) sites (Nickerson Gardens, Imperial Courts, Mar Vista Gardens, Pico Gardens, and Ramona Gardens) since the existing systems will be obsolete and no longer supported by the manufacturer(s) in May 2018. Council authorized \$490,000 for this program in 2017.

A request for \$300,000 annually (\$900,000 over three years) will fund upgrades and staffing for HACLA's ten (10) Employment Technology Centers/Computer Labs. These centers serve as an important resource for the City's Economic and Workforce Development Department's (EWDD) WorkSource centers located at the Imperial Courts and Jordan Downs sites. The centers provide access to General Education Development (GED) and English as a Second Language (ESL) training and resources for both high school and college students. Council authorized \$283,000 for this program in 2017.

Lastly, HACLA requests \$450,000 annually (\$1,350,000 over three years) to fund recreational programs at six (6) sites: Estrada Courts, Ramona Gardens, Nickerson Gardens, Mar Vista Gardens, Imperial Courts, and Rancho San Pedro. These programs are provided through contracts with non-profit partners such as the Boys and Girls Club and Proyecto Pastoral. RAP no longer provides recreational programs at any HACLA housing site.

## **FISCAL IMPACT STATEMENT**

There is no additional impact on the General Fund. The recommendations in this report are in compliance with the City's Financial Policies in that the one-time funds provided by HACLA for the SYEP, improvements, and staffing would pay for the expenditures associated with those programs.



**HOUSING AUTHORITY OF THE CITY OF LOS ANGELES  
INTERDEPARTMENTAL MEMORANDUM**

Date: February 22, 2018

To: Honorable City Council  
c/o City Clerk, Room 395, City Hall

From: Douglas Guthrie, HACLA President and CEO

A handwritten signature in black ink, appearing to read "Douglas Guthrie", written over the printed name.

**Subject: Request for Payment in Lieu of Taxes (PILOT) Waiver for  
\$7.5 Million from 2018 through 2020 to Provide Services to Public  
Housing Residents**

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**Summary**

The Housing Authority seeks authorization from the City of Los Angeles to waive Payment in Lieu of Taxes (PILOT) in the amount of an estimated \$2.5 million annually for three years from 2018 through 2020 for a total of \$7.5 million to provide funds for the provision of summer jobs to public housing youth, to maintain cameras and computer labs in connection with our programs with the Los Angeles Police Department (LAPD) and the City's Department of Economic and Workforce Development Department (EWDD) and to help support recreational programs various public housing sites.

**Background**

By agreement, the Housing Authority of the City of Los Angeles (HACLA), although exempt from paying property taxes, provides an annual amount to the City for its consideration on how it might be used to support public housing. The annual amount is based on the level of rents collected from public housing residents. The City has typically granted the Authority waivers allowing the use of these funds for the support of services providing direct benefit to the residents of the various housing developments.

The HACLA Board of Commissioners has approved this request for three years for a total of approximately \$7.5 million of PILOT funds to be used for the activities listed above.

**Current Request**

*Summer Youth Employment Program ("SYEP")  
\$3,000,000 million total (\$1 million per year)*

HACLA has supported the SYEP through PILOT for a number of years. Last year's request of \$1 million, which has been the amount requested from 2014 through 2016 and was subsequently approved by the City Council, provided funding for the hiring of public housing youth during the summer months. In 2016, 530 youth received jobs through this program which was supplemented by additional funds from the City and County of Los Angeles which added another 445 jobs. HACLA proposes to use \$1 million per year of the PILOT funds to support the program from 2018 through 2020.

*Camera Systems Upgrade and Maintenance*  
*\$ 2,250,000 million total (\$750,000 average per year)*

HACLA's camera systems, which are used to support LAPD activities and the efforts of its Community Safety Partnership ("CSP") at seven housing sites, were installed in 2008-2010. However, the camera systems are becoming obsolete and will no longer be supported by the various manufacturers after May 2018. Consequently, the camera system will need to be replaced. A new local camera system for five of the existing sites: Nickerson Gardens, Imperial Courts, Mar Vista Gardens, Pico Gardens, and Ramona Gardens is estimated to cost \$2.25 million.

*Employment Technology Centers/Computer Labs*  
*\$900,000 total (\$300,000 per year)*

\$300,000 per year is requested to support needed enhancements and to staff the ten (10) Employment Technology Centers/Computer Labs through the employment of college interns to oversee and provide technical assistance of the labs. These centers are an important tool for EWDD's WorkSource centers located at the Imperial Courts and Jordan Downs public housing sites. The centers were originally established by the City through federal Broadband Technology Opportunities Program grants which provided facilities for WorkSource center clients at all public housing sites to search and apply for jobs and use online programs to assist their completion of their GED and ESL training. The computer centers are also used by students both high school and college to do research and complete educational assignments. The proposed budget is largely for the cost of interns who assist both adults and students.

*Recreational Program and Operation of Facilities*  
*\$1,350,000 total (\$450,000 average per year)*

PILOT resources would be used to help support recreational and educational programs at various public housing sites. It is recommended that a consistent financial subsidy be provided to help support our non-profit partners and to demonstrate HACLA's long term program commitment. The financial commitment will help our partners leverage other necessary resources as HACLA does not provide 100% of their operating expenses at six (6) housing sites: Estrada Courts, Ramona Gardens, Nickerson Gardens, Mar Vista Gardens, Imperial Courts and Rancho San Pedro.

With the exception of Rancho San Pedro, all sites previously received a recreation program from the City of Los Angeles. In 2011, the City started to move the full cost for these services to HACLA. In an effort to lower costs, HACLA transitioned these sites to various non-profits and was informed last year that the last remaining site, Imperial Courts, would continue to be maintained by the City. The City altered that commitment in their last budget and reduced HACLA's use of PILOT funds to accommodate the full cost of the City's recreation program at Imperial. The charge for services at Imperial Courts is \$534,000 a year. In contrast, some of our non-profit programs, while providing more substantial programming, cost approximately \$250,000 to \$350,000 a year. The continued funding support is for the operation of services, site maintenance, and grounds maintenance. Funding is not feasible within the operating budget of public housing due to the continuation of federal cutbacks and other physical needs. An average of \$450,000 per year is requested for this purpose to be distributed to the sites.