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Honorable Members of the City Council Budget and Finance Committee
C/o Holly L. Wolcott, City Clerk
200 N. Spring Street, Room 395
Los Angeles, CA 90012

HOUSING + COMMUNITY INVESTMENT DEPARTMENT'S COMMENTS ON THE MAYOR'S FY 2020-21 PROPOSED BUDGET

The Housing + Community Investment Department (HCIDLA) is grateful for the funding and support included in the Mayor's FY 2020-21 Proposed Budget. Recognizing the City's loss of millions in tax revenue due to the coronavirus (COVID-19) pandemic, HCIDLA understands the difficult decisions that must be made to weather this fiscal emergency.

HCIDLA continues to be responsive to the City's needs by providing its core services and enforcement programs. In addition, with existing resources, the Department has been instrumental in creating and supporting new programs such as the Rent Moratorium efforts, increased Rent Hotline Hours to address Angeleno's concerns, and the Angeleno Fund, to name a few. COVID-19 has already demonstrated adverse impacts on households and small businesses and HCIDLA's services and programs serve as a safety net for Angelenos.

It is important to note that the Department is primarily funded by program-specific fees and grants, which provide vital services to the City's most vulnerable population. These services include the Systematic Code Enforcement Program (SCEP), Rent Stabilization Ordinance (RSO), Assessment and Recording of Land Use Covenants (Land Use) for the creation of affordable housing, the Consolidated Plan, and more. These fees and special funds reimburse the City's General Fund for related costs associated with the staff performing these functions. In addition, the Department is responsible for carrying out the efforts behind legally mandated programs.

Fee Funded programs

The fee-funded programs include enforcement and administration of services tailored to landlords, tenants, low-income households, and affordable housing developments and reimburse the General Fund for related costs. Monies not expended from the Funds do not revert to the Reserve Fund.

As an example, in addition to administering the RSO, staff in the Rent division will also support the recently Council adopted Emergency Rental Assistance Subsidy program, a citywide rental assistance fund for tenants who are unable to pay rent due to circumstances related to the COVID-19 pandemic. Other services include the expansion of tenant protection programs and landlord services (Anti Tenant Harassment, and Eviction Defense) and non-RSO programs (Just Cause Eviction Protections and implementation of Anti Rent Gouging legislation. Reducing the staff hours available to support programs such as the Rent Stabilization services would create delays in responding to constituents' concerns and implementing the Council and Mayor mandates.

Poverty and Homelessness Prevention

The social services work performed by the Department is critical to the City's low-income, underserved, and under-resourced residents. Angelenos will have a continued need for our services due to COVID-19 and its residual impact, which will create added pressure to respond to the ever-increasing social distress and economic crisis. The Department anticipates the demand for services to increase substantially in the year to come.

Our programs serve as a safety net in these unprecedented times. Reducing the working hours will create a deficit in resources available to our constituents in dire need as witnessed by the Angeleno Fund, the grocery card program, the 500 calls received daily from tenants seeking assistance in avoiding evictions, and the soon to be implemented Renter's Relief Program.

Legally Mandated

As mandated by the Corrected Settlement Agreement (CSA) with Independent Living Centers of Southern California, et al., the Accessible Housing Program (AcHP) ensures that all multi-family affordable housing constructed with the assistance of the City and/or the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA), is accessible to people with disabilities.

The Department is grateful and appreciates the additional resources to support the legal mandates. The additional resources will be crucial in moving the program forward and meeting court-mandated deadlines. With reduced work hours, the City might not be able to fulfill its obligations under the CSA or the Voluntary Compliance Agreement (VCA) with HUD within the specified timeframes.

Voter Approved Initiative

In November 2016, voters approved Proposition HHH to provide the City authority to issue up to \$1.2 billion in General Obligation bonds (GO bond) to finance the development of supportive housing (SH), affordable housing, and facilities. The Department has had an "all hands on deck" approach since the inception of the program given the urgent need. Currently, there are 112 projects with 7,463 units (5,757 SH Units) in pre-development and construction stages; this does not include Innovation Challenge projects.

It is estimated that 19 projects will complete construction by the end of FY 2020-21. The 19 projects represent 1,205 total units and 880 supportive housing units. The furlough program may create backlogs in the pace of production and delay much-needed completion of supportive housing. Reducing work hours assigned to the HHH implementation team will have an impact on deliverables.

These concerns are brought to your attention to help inform the difficult decisions that lay ahead for you. We look forward to discussing our programs and the critical role we serve with the Budget & Finance Committee. Should you have any questions or need additional information, I can be reached at (213) 808-8808.

Sincerely,



Rushmore D. Cervantes
General Manager

C: Councilmember Gilbert A. Cedillo, Chair of the Housing Committee
Matt Szabo, Deputy Chief of Staff
Brenda Shockley, Deputy Mayor for Economic Opportunity
Richard Llewellyn, City Administrative Officer