

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

Date: May 13, 2013

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

From:  Douglas Guthrie, HACLA President and CEO

**Subject: Request for Payment in Lieu of Taxes (PILOT) Waiver for \$2.087  
Million for City Programs and Recreational Services**

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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 \$2.087 million to provide funds for the continuation of the City's Summer Night Lights Program (SNL), the Summer Youth Employment Program (SYEP) and the provision of recreational services to City and public housing residents.

**Background**

By agreement, the Housing Authority of the City of Los Angeles (HACLA), although exempt from paying property taxes, has agreed to reimburse the city for the value of municipal services provided to our developments. The annual amount is based on the level of rents collected from public housing residents. However, the city has typically granted the Authority waivers allowing the use of these funds for the support of services providing benefit to the residents or for capital and infrastructure improvements at the various housing developments.

Last fiscal year, HACLA requested a waiver of \$5.17 million in PILOT funds which was an accumulation of PILOT monies over multiple years. The City Council approved the use of these monies for the City programs of Summer Night Lights (SNL), Summer Youth Employment Program (SYEP), GRYD, the completion of the design of the Century Boulevard extension and capital improvements at the Gonzaque and Estrada Courts public housing sites. The approved request included \$1.6 million for services at seven public housing sites provided by the City's Recreation and Parks Department.

**Current Request**

HACLA requests a waiver for the next fiscal year in the amount of \$2.087 million. The request includes the continuing support for the SNL program at five of the HACLA public housing sites as well as continuing support for SYEP. These requests will use approximately \$1.14 million of the PILOT allocation. The detail of the dollar amount for each request is provided by the enclosed attachment. The final request is to use the remaining \$947,000 for City recreation programs at three south Los Angeles public housing sites the transition of recreational services at Pico and Ramona Gardens to non-profit organizations and special summer programs at San Fernando Gardens and William Mead.

For a number of years, the City has provided recreational services at seven public housing sites. Their programs have provided services to both public housing residents and the surrounding communities. Two years ago, due to budget challenges, the City requested support from HACLA for these services. Since that initial request it is our understanding that the City has created a policy that requires all recreational services provided at facilities not owned and managed by the City to be charged for reimbursement. In 2011, the amount of HACLA's contribution was \$1 million. Last year the request rose to 1.6 million and we were informed that in 2013 that request would be \$2.1 million for the seven sites. The request for 2013 and the future is unsustainable due to both the limits on PILOT funds and dramatic cutbacks on funding HACLA receives from the federal government.

As an alternative and in cooperation with the City's Recreation and Parks Department, HACLA has pursued a model of seeking services from non-profits in which start-up funding could be provided in the short term with a long term goal that the non-profit would use its fundraising experience to establish these programs as self-supporting. The first site to follow this model was Mar Vista Gardens. With approval from the City Council, start up funding was provided through the PILOT program and a bid was solicited from non-profits to run the recreational facilities and programs. An award was made to the Mar Vista Boys and Girls Club and they began service on February 1, 2013. We have been informed that they may be successful already in obtaining \$1 million for site improvements. A second contract for Pueblo Del Rio was awarded to the Police Athletic League.

HACLA will take the same approach in bidding the services to non-profits for two other sites and will provide start up money to allow each of the non-profits to establish themselves with local and fundraising communities. The next site for bid is Pico Gardens and it is anticipated that a non-profit would take control of the site by August 1, 2013. For Pico as well as the second site, Ramona Gardens, the intent is to provide a program as robust as that offered by the City and to continue to provide services to the community as well as the public housing residents. The Ramona site will have a transition date of October 1 to assure no interference with the SNL program. Adequate funds are included in this PILOT request to provide start up monies as well as to support the City's recreation department through the beginning of the City's fiscal year to the anticipated start up dates.

For the three South Los Angeles sites, Jordan Downs, Nickerson Gardens and Imperial Courts, HACLA in cooperation with the City will provide PILOT funds to augment City funding to assure the full year of recreation programs at each of the sites.

The remaining request is for summer programs at both William Mead and San Fernando Gardens. The programs will focus on activities for both seniors and youth to supplement recreational services that are lacking at the sites and in the general areas around the developments. Each site will have a robust summer program at a cost of \$75,000 per site.

**HACLA PILOT Waiver Request**

<b>Site</b>	<b>Summer Recreation</b>	<b>Recreation Centers Start-Up</b>	<b>Rec &amp; Parks</b>	<b>SNL</b>	<b>SYEP</b>	<b>Totals</b>
San Fernando Gardens	\$75,000					\$75,000
William Mead	\$75,000					\$75,000
Pico Gardens		\$125,000	\$32,000			\$157,000
Ramona Gardens		\$100,000	\$105,000	\$125,000		\$330,000
Jordan Downs			\$145,000	\$125,000		\$270,000
Imperial Courts			\$145,000	\$125,000		\$270,000
Nickerson Gardens			\$145,000	\$125,000		\$270,000
All sites					\$640,000	\$640,000
<b>TOTALS</b>	\$150,000	\$225,000	\$572,000	\$500,000	\$640,000	
					<b>GRAND TOTAL:</b>	\$2,087,000