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REPORT FROM

**OFFICE OF THE CITY ADMINISTRATIVE OFFICER** *Report from the CAO*

Date: June 12, 2012

CAO File No. 0220-00540-0993  
Council File No. 11-1783  
Council District: All

To: The Mayor  
The Council

From: Miguel A. Santana, City Administrative Officer *MA*

Reference: Los Angeles Housing Department (LAHD) Transmittal dated April 12, 2012; Received by the City Administrative Officer on April 18, 2012; Additional Information Received from LAHD through June 12, 2012

Subject: **REQUEST FOR APPROVAL OF RECOMMENDATIONS RELATIVE TO THE RENT ESCROW ACCOUNT PROGRAM AND UTILITY MAINTENANCE PROGRAM TENANT AND LANDLORD OUTREACH AND EDUCATIONAL SERVICES AND AUTHORITY TO EXECUTE CONTRACTS WITH RECOMMENDED SERVICE PROVIDERS**

**SUMMARY**

The Los Angeles Housing Department (LAHD) requests authority to execute Professional Services Agreements with four firms to provide Rent Escrow Account Program (REAP) and Utility Maintenance Program (UMP) tenant-outreach services for a one-year period, beginning July 1, 2012 and ending on June 30, 2013, for an amount not to exceed \$420,000. In December 2012, the Council authorized LAHD to release a Request for Proposals (RFP) and to report with recommendations for contract awards (C.F. 11-1783). The selection process was conducted and LAHD requests authority to execute agreements with the four highest-scoring contractors (Contractors) shown on Page 2 of this report.

Additionally, LAHD requests authority to execute a second amendment adding \$8,750 to a Professional Services Agreement (PSA) with Charles and Cynthia Eberly Inc. DBA the Eberly Company (Eberly) to provide landlord-outreach services for REAP and UMP for an amount not to exceed \$183,750 for a one-year period, and retroactively effective from January 1, 2012 to December 31, 2012. The Eberly contract is further proposed to be restructured in order to: 1) provide authority to extend the total contract period beyond the one year with two one-year options (total of three years) previously approved by the Mayor and Council (C.F. 09-0404-S2) by an additional six months for a revised total period of three years and six months; and, 2) increase the total compensation available to \$341,250 over the revised contract period of three years six months. The purpose of the requested six-month extension is to align the contract period with the fiscal year and provide for the RFP processes for both tenant and landlord-outreach services to be conducted together. This action is expected to increase efficiency and reduce costs associated with the RFP processes. The proposed increase in total funds available (\$341,250) is intended to align the landlord-outreach contract with the annual expenditure (\$105,000) of the tenant-outreach contracts. The LAHD indicates that the City Attorney has reviewed the proposed restructuring. Eberly was chosen as a result of an RFP process concluded in January 2011 (09-0404-S2) with the next RFP selection process to commence in late 2013. This Office supports LAHD's recommendations.

Background

The REAP and UMP programs were established to provide fair housing services, such as the investigation of housing discrimination complaints, counseling, outreach and educational programs for residents and housing industry groups. The Contractor agreements may be extended for two additional one-year periods, subject to funding availability, satisfactory contractor performance and compliance with applicable regulatory requirements. The current agreements relative to tenant outreach expire on June 30, 2012; the agreement relative to landlord outreach expires on December 31, 2012.

The four selected tenant-outreach Contractors and annual amounts are as follows:

<u>Contractor</u>	<u>Amount</u>
Coalition for Economic Survival	\$ 105,000
Inner City Law Center	105,000
Inquilinos Unidos	105,000
Los Angeles Center for Law and Justice	105,000
Total	<u>\$ 420,000</u>

The annual costs of both the tenant and landlord-outreach contracts combined are anticipated to be \$525,000 or \$120,000 for each Contractor/Consultant. The annual cost of the tenant and landlord-outreach services agreements for the REAP and UMP are funded through Rent Stabilization Trust Funds (\$52,500) and Code Enforcement Trust Funds (\$472,500). The amount needed for the current year is appropriated in the 2012-13 Adopted Budget.

Overview of REAP and UMP Tenant and Landlord-Outreach Services

The purpose of the REAP and UMP tenant-outreach services is to increase voluntary participation by tenants residing in properties affected by REAP and/or UMP. Participating REAP tenants reside in substandard rental properties and are permitted to withhold rents from non-compliant landlords, depositing them instead into City-administered rent escrow accounts. Likewise, tenants participating in UMP may deposit their rents into City accounts for properties with disrupted utility services due to non-payment on the part of the landlord. Prior to removal of a property from either REAP or UMP, a tenant exit interview is conducted by contractors to ensure that habitability problems are corrected and utility services are fully restored. A consultant providing landlord-outreach services is expected to perform education services to property owners in the area of landlord/tenant law, among other requirements.

RFP Process for Tenant-Outreach Services

The LAHD released the RFP in January 2012. The RFP was posted on the Los Angeles Business Virtual Network (LABAVN), LAHD and City websites and was advertised in the *Los Angeles Times*. In order to be eligible, proposers were required to be in good standing with regulatory oversight agencies and have at least three years experience performing outreach and education services for low and moderate-income tenants in the area of landlord/tenant law, among other requirements. A total of eight proposals were received. Of these, the four highest-scoring proposals were chosen based on evaluations and scoring by LAHD staff using the criteria for the areas described in the chart on page 5 of LAHD's April 12, 2012 transmittal. The final average score for each applicant appears as Attachment 2 to LAHD's April 12, 2012 transmittal.

The LAHD reports that four applicants (Housing Rights Center, FAME Assistance Corporation, 1<sup>st</sup> Choice Counseling and Education and Housing Equality Foundation of Los Angeles) were not selected. The Department sent these proposers a written notification that they were not recommended for funding and were also advised of the appeal process. One proposer, Housing Equality Foundation of Los Angeles, submitted an appeal to LAHD; however, LAHD's recommendation was not reversed. All LAHD-recommended contractors currently provide REAP and UMP outreach services.

### Scope of Services for Tenant and Landlord Services

The Scope of Services relative to tenant outreach is detailed in Pages Three through Seven of the draft Agreement attached to the LAHD transmittal dated April 12, 2012 (C.F. 11-1783). Each tenant-outreach Contractor will be required to: a) submit an Outreach Methodology work plan outlining how the services will be provided; provide counseling and technical assistance on matters directly related to REAP and UMP; b) provide translators and bilingual educational materials; c) maintain close contact with REAP and UMP Section case analysts, LAHD inspectors, and senior staff; d) refer matters not associated with REAP or UMP to appropriate entities; e) develop and print clear, accessible, and user-friendly program materials in English and the dominant language(s) identified by the Contractors; f) refer tenants, owners, property managers, or other members of the public to legal service providers; g) report to LAHD with information and reports documenting the progress of each case; and, h) attend regular meetings with the LAHD staff and management to communicate program progress and issues.

Approval of this request required a Charter Section 1022 determination. In October 2011, this Office determined that the work could be performed more feasibly by contractors than by City employees, because the work requires specialized knowledge and expertise in the areas of affordable and rent-stabilized housing, economic analysis and housing policy and legislation. LAHD reported that representatives from departments employing those classifications indicated that they had insufficient available to perform the necessary work. In addition, due to the time-sensitive nature of the work, it would not be practicable to create a training program and then hire additional City workforce to deliver services.

The services to be continued by Eberly relative to landlord-outreach services include the following:

- Submit an annual work plan outlining how the services will be provided and what resources, such as staffing, will be used;
- Provide translators and bilingual educational materials in English and the dominant language(s) identified by the Consultant for all site visits and/or meetings at any building;
- Maintain close contact with REAP and UMP Section case analysts, LAHD inspectors and senior staff;
- Refer matters not associated with REAP or UMP to appropriate entities, such as other City departments, municipal agencies or other organizations; and,
- Respond timely to urgencies such as discontinuation of utility services.

### **RECOMMENDATIONS**

That the Council, subject to the approval of the Mayor, authorize the General Manager, Los Angeles Housing Department (LAHD), or designee, to perform the following actions:

- A. Execute contracts with the following agencies to provide Rent Escrow Account Program (REAP) and Utility Maintenance Program (UMP) tenant-outreach services, for a term of 12 months, beginning on July 1, 2012 through June 30, 2013, with two one-year options, for a total amount of \$420,000, in substantial conformance with the draft Professional Services Agreement attached to the LAHD Transmittal dated April 13, 2012 and subject to the following: a) funding availability; b) satisfactory contractor performance; c) compliance with all applicable Federal, State and City regulatory requirements; d) approval of the City Attorney as to form; and, e) approval of the Department of Public Works, Bureau of Contract Administration as to adherence with City contracting standards:

<u>Contractor</u>	<u>Amount</u>
Los Angeles Center for Law and Justice	\$105,000
Inner City Law Center	105,000
Coalition for Economic Survival	105,000
Inquilinos Unidos	105,000
<b>Total</b>	<b><u><u>\$420,000</u></u></b>

- B. Execute a second amendment to Contract No. C-118559 with Charles and Cynthia Eberly Inc. DBA The Eberly Company, to provide REAP and UMP landlord-outreach services, for a total amount of up to \$183,750 and in substantial conformance with the draft Professional Services Agreement attached to the LAHD Transmittal dated April 13, 2012, and subject to the following: a) funding availability; b) satisfactory contractor performance; c) compliance with all applicable Federal, State and City regulatory requirements; d) approval of the City Attorney as to form; and, e) approval of the Department of Public Works, Bureau of Contract Administration as to adherence with City contracting standards;
- C. Negotiate and execute an additional six-month renewal option as part of the second amendment to Contract No. C-118559 with Charles and Cynthia Eberly Inc. DBA The Eberly Company, to provide REAP and UMP landlord-outreach services, for a total amount of up to \$341,250, for a term of 42 months, effective from the date of execution through June 30, 2014, and subject to the following: a) funding availability; b) satisfactory contractor performance; c) compliance with all applicable Federal, State and City regulatory requirements; d) approval of the City Attorney as to form; and, e) approval of the Department of Public Works, Bureau of Contract Administration as to adherence with City contracting standards; and,
- D. Prepare Controller instructions and make any necessary technical adjustments consistent with the Council and Mayor actions on this report, subject to the approval of the City Administrative Officer and authorize the Controller to implement these instructions.

## **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund. The recommendations of this report are in compliance with City Financial Policies in that the \$525,000 annual cost of the tenant and landlord-outreach services agreements for the Rent Escrow Account Program and Utility Maintenance Program are funded through Rent Stabilization Trust Funds (\$52,500) and Code Enforcement Trust Funds (\$472,500) appropriated in the 2012-13 Adopted Budget.