

11-2106

MOTION HOUSING COMM & ECON. DEVELOP.

The City's Neighborhood Stabilization Program (NSP) is funded by a federal grant for foreclosure related activities performed by the Los Angeles Housing Department (LAHD) to create significant changes in neighborhoods of greatest need. To date, the U.S. Department of Housing and Urban Development (HUD) has awarded the City three NSP grants for a combined total of \$142.7 million. NSP grant funds are utilized to provide: soft-second loans to eligible homebuyers to purchase homes; acquiring and rehabilitating foreclosed-upon single family homes and multifamily properties; and, redeveloping demolished or vacant properties. All funds are exclusively for foreclosures that are acquired in bulk and located only in the census tracts of greatest need as approved by HUD, also referred to as the City's NSP target areas. All NSP activities must benefit individuals at or below 120 percent of area median income.

All grant requirements and performance measures are described in the NSP Action Plans that have been approved by the Mayor, Council and HUD (C.F. 07-2438-S8, 10-0799 & 11-0223). All grant program activities have been approved for its potential to contribute to safe and livable neighborhoods upon completion of rehabilitation or reconstruction.

To ensure that NSP funds have immediate impact in communities, HUD requires for the City to expend all grant funds under a milestone schedule, including but not limited to: at least \$50 million in NSP2 Funds by February 11, 2012 as the next major milestone; and, at least \$100 million in NSP2 funds by February 11, 2013.

In February 2009, the Council adopted an action (CF 07-2438-S8) instructing the LAHD to execute an agreement with Restore Neighborhoods LA, Inc. (RNLA) as a grant sub-recipient to implement the City's NSP. Several NSP rehabilitation projects are managed by RNLA, which will concurrently be in construction until the end of the NSP grant. The rehabilitation needs of all NSP-funded properties will result in a high volume of grant-funded expenses and high demand for resources to complete NSP grant requirements.

RNLA is a non-profit property holding company formed solely for the purpose of carrying out the City's NSP program. RNLA's only source of operating revenue is NSP grant funds. As such, LAHD's agreement with RNLA provides for an allocation of NSP grant funds for administrative and property-related costs.

In order to effectively meet the NSP performance goals and expenditure milestone schedule, it is necessary to execute an amendment to the existing agreement with RNLA to ensure continued implementation of the City's NSP.

I THEREFORE MOVE that the Council, subject to the approval of the Mayor, authorize the General Manager of the LAHD, or designee, to execute an amendment to the Professional Services and Rehabilitation Agreement with RNLA (Contract No. C-115683) to increase the contract amount by \$26,616,624, from \$82,846,312 to a new total contract amount not to exceed \$109,462,936 to carry out the continued implementation of the City's NSP, subject to the review and approval of the City Attorney as to form.

Presented by: Tony Cardenas  
TONY CARDENAS  
Councilmember, 6<sup>th</sup> District

Seconded by: [Signature]

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