

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 29, 2015

CAO File No. 0220-00540-1142

Council File No. 14-0624

Council District: 1, 7, 9

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer *PJH
EV*

Reference: Housing and Community Investment Department transmittal dated April 30, 2015

Subject: **REQUEST TO AMEND CONTRACT WITH RESTORE NEIGHBORHOODS LA INC
FOR PROFESSIONAL SERVICES AND REHABILITATION RELATIVE TO THE
NEIGHBORHOOD STABILIZATION PROGRAM**

SUMMARY

The Los Angeles Housing and Community Investment Department (HCID), in its transmittal dated April 30, 2015 (Transmittal), seeks approval of a ninth amendment to its contract with Restore Neighborhoods LA, Inc. (RNLA) for the following reasons:

- To extend the expiration of the contract retroactively from March 1, 2015 to February 28 2016;
- To increase the total amount of the contract from \$140,717,586 to \$140,811,916 to pay additional administrative costs of \$94,330 to RNLA;
- To add language allowing RNLA to sell some of its assets made available by downsizing its operations and convey any proceeds to HCID, and add language allowing RNLA to return \$55,000 in previously set-aside funds back to HCID; and,
- Extend the period of time available to RNLA to repay \$700,000 in seed money to HCID 45 days after the new contract expiration date.

Additionally, HCID requests authority to pay for the additional administrative costs from specific accounts and to set up new accounts to accept RNLA proceeds resulting from the sale of assets and return of carve-out funds. Finally, HCID requests access on behalf of RNLA to access the former Hyde Park Branch Library for the purpose of storing assets no longer needed and available for sale. A draft amendment appears as an attachment to the Transmittal.

The Housing Committee approved HCID's recommendations at its regular meeting on June 24, 2015. This Office reviewed the Transmittal and associated file (C.F. 14-0624) and concurs with the recommendations made in HCID's Transmittal

Contract and Recommendations Summary

The original effective date of the subject contract with RNLA was March 1, 2009. The purpose of the contract is as follows:

- To purchase, rehabilitate and sell foreclosed and abandoned residential properties at a discount from lenders, brokers, loan services and others in order to restore these properties to affordable home ownership and rental occupancy;
- Establish funding mechanisms to leverage Neighborhood Stabilization Program (NSP) funds for the acquisition of foreclosed properties;
- Maintain administrative responsibilities, such as staffing, accounting, monitoring activities, safeguarding funds, complying with program income requirements, paying contractors, submitting a budget and expenditure plan for City approval;
- Maintain appropriate documentation such as record keeping, fiscal and program progress reports, reports of subcontractor progress, financial records and performance measures;
- Adhere to a competitive procurement process as approved by the City, and enter into City-approved construction agreements with contractors;
- Submit certifications, payroll forms, worker sign-in forms, code inspection reports and signoffs;
- Ensure that all subcontractors pay the higher of prevailing wages in the construction of projects as determined pursuant to California Labor Code; and,
- Affirmatively market housing assisted with NSP funds.

The proposed ninth amendment retains the option to perform the activities above, but extends the contract expiration date, increases the payment to RNLA to pay for additional administrative costs, allows RNLA to liquidate furniture and equipment purchased with NSP funds, and extends the period during which RNLA can repay its bridge loan of Municipal Housing Finance Funds (MHFF). The HCID indicates that while receipt of these funds was originally anticipated for the 2014-15 MHFF Budget, the shortfall did not create a negative fiscal impact. The HCID will make adjustments to the 2015-16 MHFF Budget to reflect the new timeframe for receipt of the \$700,000 repayment.

RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt the recommendations that appear on Pages 2 and 3 of the Housing and Community Investment Department Transmittal dated April 30, 2015 relative to the request to approve Amendment No. 9 to Contract No. 115683 with Restore Neighborhoods LA, Inc. to acquire, rehabilitate and sell foreclosed properties to eligible homebuyers as part of the City's Neighborhood Stabilization Program.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommendation in this report complies with the City's Financial Policies as the source of the proposed funding is from previously-approved Neighborhood Stabilization Program funds specifically identified for the purposes delineated in the Restore Neighborhoods LA contract (new amount: \$140,811,916).