

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 8, 2019

CAO File No. 0220-00540-1404
Council File No. 11-2106
Council District: Citywide

To: The Mayor
The Council

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Housing and Community Investment Department (HCID) transmittal dated October 2, 2019; Received by the City Administrative Officer on October 31, 2019; Additional Information Received through November 8, 2019

Subject: **REQUEST FOR AUTHORITY TO EXECUTE AN ELEVENTH AMENDMENT TO THE NEIGHBORHOOD STABILIZATION PROGRAM CONTRACT WITH RESTORE NEIGHBORHOODS, L.A., INC. (C-115683), AND TO AMEND THE TERM OF THE MUNICIPAL HOUSING FINANCE FUND LOAN WITH THE GRANT SUB-RECIPIENT**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Adopt Recommendations II.A and II.C of the Housing and Community Investment Department (HCID) transmittal dated October 2, 2019 relative to a retroactive Eleventh Amendment to the Restore Neighborhoods, L.A., Inc. (RNLA) Agreement (Contract No. C-115683) for the continued work and closeout related to the Neighborhood Stabilization Program (NSP); and,
2. Authorize the Controller to:
 - a. Increase appropriations in the amount of \$25,669 in the Neighborhood Stabilization Program Fund No. 50T, Account 43E820, NSP Program Administration, and \$158,892.81 Neighborhood Stabilization Program Fund No. 50T, Account 43E818, NSP Program Operation from revenue received within Fund No. 50T, from Revenue Source Code No. 4973, Program Income General for the RLNA Agreement; and,
 - b. Increase appropriations in the amount of \$249,112.18 in the ARRA-Neighborhood Stabilization Program 2 Fund No. 52J, Account 43F868, NSP2/ARRA Program Operation from revenue received within Fund No. 52J, from Revenue Source Code No. 4973, Program Income General for the RLNA Agreement.

3. Instruct HCID to report back to the Mayor and Council on the NSP closeout, and the potential use of any remaining grant funds and/or program income for HCID affordable housing programs or services.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to execute a retroactive Eleventh Amendment (Amendment) to the Restore Neighborhoods, L.A., Inc. (RNLA) Agreement (Contract No. C-115683) for the continued provision of services and closeout related to the Neighborhood Stabilization Program (NSP). The proposed Amendment would allow the HCID to increase compensation by \$433,673.99, for a cumulative compensation amount of over \$141 million, and increase the contract term by one year to commence retroactive to June 30, 2019 through June 30, 2020, for a cumulative contract term of eleven years and four months. HCID reports that the increased compensation includes allowable NSP Program delivery costs from 2015-16 through 2018-19, along with the estimated program delivery costs for 2019-20. The HCID also requests authority to extend the maturity date of a Municipal Housing Finance Fund Loan of \$700,000 for RNLA to cover administrative and operational expenses pending reimbursement from an NSP Grant from June 30, 2019 to June 30, 2020. The Department reports that the loan will be paid in full at the termination of the RNLA Agreement.

In December of 2016, the Council instructed HCID to report back (C.F. 10-0799) on the feasibility of transitioning RNLA from their current role as a subrecipient of the NSP Grant into a support organization for HCID, which would include the role of housing developer. At the time HCID requested authority to extend the RNLA contract through June 30, 2019, the Department did not request to add approximately \$400,000 to the RNLA contract because RNLA assumed that their program delivery costs would be paid from developer fees earned from the development of eleven housing lots on NSP land. Per discussions with the City Attorney, the HCID reports that it decided to continue its existing agreement with RNLA as the NSP Grant subrecipient instead of transitioning RNLA to be a developer for NSP. Subsequently, HCID is requesting to increase the contract amount to reimburse RNLA for program delivery costs incurred from 2015-16 through the 2019-20. The Department notes that RNLA is a non-profit holding and development organization that could apply for City funds for affordable housing development projects. The HCID also verified that it would report back on the closeout of the NSP and any remaining grant funds and/or program income. This Office concurs with HCID's recommendations, as amended to include a report back to the Mayor and Council on the NSP closeout and the potential use of remaining grant funds and/or program income for other HCID affordable housing programs or services.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommendations in this report comply with City Financial Policies in that they are fully funded by the Neighborhood Stabilization Program and ARRA-Neighborhood Stabilization Program 2 Funds.