



HOUSING AUTHORITY OF THE CITY OF LOS ANGELES INTERDEPARTMENTAL MEMORANDUM

Date: April 27, 2015

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 Million to Provide Services to Public Housing Residents**

Doug Guthrie

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 million to provide funds for the provision of summer jobs to public housing youth, and to provide support for the transition of City recreation services to third party non-profits.

Background

By agreement, the Housing Authority of the City of Los Angeles (HACLA), although exempt from paying property taxes, provides an annual amount to the City for its consideration on how it might be used to support public housing. The annual amount is based on the level of rents collected from public housing residents. The City has typically granted the Authority waivers allowing the use of these funds for the support of services providing direct benefit to the residents of the various housing developments. The HACLA Board of Commissioners has approved a request for the \$2 million of accrued PILOT funds to be used for the Summer Youth Employment Program (SYEP) and to transition City run recreation centers to non-profits.

Current Request

\$1 million of the request will provide summer jobs to approximately 600 of our youth. HACLA has long participated with the City's program but for years has run its own related program to recruit, supervise and provide payroll processing for the participants of our public housing sites. HACLA has directly run part of the program at the City's request. The \$1 million request is the same as was requested from PILOT last year. Summer jobs through this program will serve each of the City's public housing sites in an amount equal to the proportion of each site's population compared to the total of all public housing residents.

The remaining \$1 million would be used to aid in transitioning City recreation programs currently operating at four public housing sites to non-profit recreation operations. The City has struggled in recent years to maintain programs run at public housing sites. Historically, the City has run recreation programs at seven different sites. However, due to budget challenges, the City has asked HACLA to find potential non-profit partners to

provide recreational programs for the public housing residents. Three of the seven sites have already been transitioned. Due to these transitions, the City experiences an annual budget savings to the General Fund in excess of \$1 million per year. Non-profits at each of these sites were provided with limited funding to supplement their budgets until greater fundraising could be accomplished. Supplemental funding was provided for a two or three year period.

The remaining four sites with City recreation programs are Jordan Downs, Nickerson Gardens, Imperial Gardens and Ramona Gardens. Although each of the programs is located at HACLA properties, services are open to the surrounding community. The \$1 million of remaining PILOT would be split on a generally equal basis to help provide initial support while the non-profits pursue other funding sources with the goal of eventually running the programs fully self-supported. HACLA anticipates that this transition will take a few years and expects that the \$250,000 support per site should be guaranteed for at least three years. Consequently, the request for the use of PILOT for this purpose is essentially a three year request.

The City Recreation Department estimates that it currently spends approximately \$450,000 per site for a four site annual budget of \$1.8 million. Each successful transition will result in a direct savings to the City's General Fund. HACLA proposes to target transition dates of September 1, 2015 to coincide with the school year.