


## REPORT OF THE PRESIDENT &amp; CEO

February 27, 2020

**RESOLUTION AUTHORIZING THE PRESIDENT AND CEO TO REQUEST AND NEGOTIATE  
A THREE-YEAR WAIVER AND USE AGREEMENT FOR CALENDAR YEARS 2021-2023  
AND TO AMEND THE CALENDAR YEAR 2018-2020 USE AGREEMENT WITH THE CITY OF  
LOS ANGELES FOR THE HOUSING AUTHORITY'S PAYMENT IN LIEU OF TAXES**

  
\_\_\_\_\_  
Douglas Guthrie  
President and CEO

  
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Marlene Garza  
Chief Administrative Officer

**Request:** Consistent with prior years, this Board Action will authorize the President and CEO to submit a waiver to and obtain a use agreement from the City of Los Angeles ("City") for the use of Payment in lieu of Taxes ("PILOT") funds to provide various services to public housing residents including: youth employment, public safety infrastructure, digital literacy and access, enriched recreation and education programming for youth, and open space improvements.

**Regarding:** *Resolution 9392 Adopted by the Board of Commissioners on October 21, 2017*

**Issues:** In 1938, the City and HACLA entered into a Cooperative Agreement under which HACLA reimburses the City for the value of municipal services provided to our developments, given that HACLA is exempt from paying property taxes. The annual amount is based on ten percent of rents collected from public housing residents less utilities. Because PILOT is based on actual rents collected and utilities paid, PILOT funds are accrued in one year for programming in the next year.

Beginning in 2017, HACLA implemented a three-year funding budget primarily to facilitate longer-term planning and contracting stability with our non-profit partners operating recreation and education programs on-site at HACLA facilities.

**Request:** This report includes two requests: first, a three-year budget for CY 2021-2023, and second, an amendment to the existing budget authority for CY 2018-2020.

**I. Request for 2021-2023**

The new funding request continues existing programs with some adjustments as well as introduces new initiatives all of which support enriched programming for public housing residents.

**FUNDING PROJECTION**

Based on the most recent tenant rental activity, the expected amount of funding available for 2021 through 2023 is \$2.75 million annually, or \$8.25 million over the three-year period. In addition, because we have taken a conservative approach to annual projections, prior year accruals have exceeded amounts that have been dedicated to various programs. In total, \$1 million from prior years is also available for programming. As such, a total of \$9.25 million is available for CY 2021-2023.

AVAILABLE FUNDS				
Source	2021	2022	2023	3-Year Total
Excess Accruals prior years	1,000,000	-	-	1,000,000
Annual Projection	2,750,000	2,750,000	2,750,000	8,250,000
<b>Total Available</b>	<b>\$ 3,750,000</b>	<b>\$ 2,750,000</b>	<b>\$ 2,750,000</b>	<b>\$ 9,250,000</b>

**PROGRAMMING REQUEST**

This request seeks three years of funding for the following projects:

PROGRAM BUDGETS 2021 - 2023				
Program	2021	2022	2023	3-Year Total
Youth Employment	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 3,900,000
Safety Infrastructure (Cameras)	350,000	350,000	350,000	1,050,000
Computer Learning Centers	400,000	400,000	400,000	1,200,000
Recreation Center Partners*	560,000	550,000	550,000	1,660,000
Open Space Improvements	1,140,000	150,000	150,000	1,440,000
<b>Total Programming</b>	<b>\$ 3,750,000</b>	<b>\$ 2,750,000</b>	<b>\$ 2,750,000</b>	<b>\$ 9,250,000</b>

\* Note: funding is based on the standard fiscal year, ie July 1, 2021 to June 30, 2024

**Youth Employment Program**  
**\$3.9 million total (\$1.3 million on average per year)**

When originally conceived in 2011, HACLA’s partnership with the City of Los Angeles for youth employment mirrored the City’s emphasis on summer jobs, hence the Summer Youth Employment Program (SYEP). However, this program has evolved into a year-round employment program which offers participants a wider variety of internship opportunities throughout the year. Since 2011, HACLA has dedicated \$1 million annually for this critical program, resulting most recently in 398 jobs in 2019 and 400 in 2018.

For the new budget, HACLA requests a cumulative budget of \$3.9 million, or \$1.3 million per year. At this increased level, HACLA can offer 550 positions as well as pay for the internal costs of administering the program. These positions also provide leverage for the City’s Economic and Workforce Development grants. This increase will also address incremental minimum-wage increases in California through 2023.

**Safety Infrastructure / Camera Systems Maintenance**  
**\$ 1.05 million total (\$350,000 on average per year)**

Beginning in 2017, PILOT funds have been used for the maintenance of the camera system at six of the fourteen public housing sites. Due to system degradation and the inability to replace parts, in 2018 and 2019, HACLA replaced the obsolete system at the six sites as well as expanded the installation to virtually all HACLA sites<sup>1</sup>.

<sup>1</sup> Jordan Downs was excluded from this upgrade project since it is undergoing redevelopment.

These camera systems are used to support LAPD activities and the efforts of the Community Safety Partnership (“CSP”). Moreover, as part of the Vision Plan community engagement process, residents identified safety as one of their primary concerns.

The new system offers significant improvements on clarity of image, range of view, and functionality, including remote device access.

Ongoing annual maintenance and broadband costs for the new system will be \$350,000 annually. Notably, this annual cost is less than the old system which served only half the sites.

***Employment Technology Centers/Computer Labs***  
***\$1,200,000 total (\$400,000 on average per year)***

The Computer Learning Centers (CLCs) at the public housing sites serve as an important resource for residents of all ages. For adults, the centers provide access to General Education Development (GED) and English and a Second Language (ESL) training and resources, and for school-aged youth, tutoring and other educational support resources are provided. They are also tied to HACLA’s WorkSource Center activity and initiatives. The CLCs have been supported through PILOT since 2016.

In 2019 and 2020, the CLCs have undergone equipment and connectivity upgrades to ensure improve reliability and performance.

\$400,000 is requested to support maintenance of the facility enhancements and to staff the CLCs through the employment of college interns who provide technical assistance of the labs. Most important, at the increased allocation, HACLA will be able to add a program specialist who will coordinate services and new programs with the WorkSource Center and who will supervise the work of the interns at each CLC.

***Recreation and Education Programs***  
***\$1,660,000 total (\$553,333 on average per year)***

Beginning in 2011, HACLA has assumed direct oversight of recreation programs previously managed by the City’s Recreation and Parks Department at our various gyms and community centers. The HACLA model for services relies on partners such as Boys & Girls clubs for a wide array of recreation and education programs for resident youth.

These partnerships have proven to be a major success, both in terms of the enrichment programs provided, as well as financially, since the centers provide leverage from other funding sources for over 80% of costs.

With the adoption of a three-year budget in 2018, HACLA was able to execute five (5) year agreements with the partners, who rely on consistent and reliable funding for longer-term planning. This next three-year budget will allow HACLA to fully fund the remainder of those agreements and set the stage for contract renewals.

In addition to continuing services at six sites, including Estrada Courts, Imperial Courts, Mar Vista Gardens, Nickerson Gardens, Ramona Gardens, and Rancho San Pedro, services will be expanded to include San Fernando Gardens<sup>2</sup> and William Mead.

Current Service Providers are as follows:

Site	Provider(s)
Estrada Courts	Boys & Girls Club – West San Gabriel Valley
Imperial Courts	Red Eye
Mar Vista Gardens	Boys & Girls Club – Santa Monica
Nickerson Gardens	Boys & Girls Club – Metro Soledad Enrichment Action (SEA)
Ramona Gardens	Boys & Girls Club – West San Gabriel Valley
Rancho San Pedro	Boys & Girls Club – Harbor
San Fernando Gardens	Pending RFP <sup>3</sup>
William Mead	Boys & Girls Club – West San Gabriel Valley

In addition to funding for service providers, some funds are set aside for:

- Additional services to be provided at sites to be determined, and
- Facilities maintenance, such as additional janitorial service during the summer months, as well as other as needed maintenance.

***Open Space Maintenance and Enhancements  
\$1,440,000 total over three-years***

HACLA developments occupy over 500 acres of land, much of which is open space. Due to declining operating and inconsistent capital funds, HACLA has not been able to adequately maintain the many ball fields, playgrounds, basketball courts, and other open and recreational spaces to the standard we would prefer.

Some of the specific improvements this funding may include but are not limited to:

- Ball field at Imperial Courts: the current field is nearly unusable due to damage caused by gophers. The replacement cost is approximately \$250,000 for new turf and irrigation system. Given the chronic gopher problem in the region, alternatives are being considered to minimize ongoing maintenance.
- Playgrounds at Nickerson and Ramona: there are three playgrounds with sand surfaces, which can hide dangerous objects, such as needles, and pose other health and safety concerns. The replacement cost for all three is approximately \$300,000.
- Trash enclosures at Pueblo Del Rio: the existing trash containers are exposed throughout the site and having trash enclosures would keep the areas clean

<sup>2</sup> Services at San Fernando Gardens will be offered to replace those previously provided by YPI, which has ceased to operate.

<sup>3</sup> Pending a formal RFP, HACLA has executed Space Use agreements with two service providers, El Nido and Pacoima Beautiful, through July 31, 2020.

and safe. This project would leverage other community enhancements currently underway, including exterior painting and signage. The construction cost is approximately \$450,000.

- Sustainable landscaping in open spaces at various sites: drought-tolerant landscaping would reduce water usage and improve community aesthetics. The replacement cost is approximately \$440,000.

## II. Amendment of Current PILOT Budget

The PILOT budget for 2018 through 2020 included a total of \$2.25 million for the replacement and expansion of the camera system at the public housing sites. Fortunately, the actual installation costs and ongoing maintenance agreement will be less than originally projected, resulting in \$750,000 of the total that can be reprogrammed for other uses.

As summarized below, the proposed reallocation of funding begins the realignment of annual costs consistent with the 2021-2023 budget and includes:

Current PILOT Funding 2018-2020		REPROGRAMMING	
Program	3-Year Total	TO/(FROM)	NEW
Youth Employment (Year-Round)	\$3,000,000	\$ 500,000	\$3,500,000
Safety Infrastructure (Cameras)	2,250,000	(750,000)	1,500,000
Computer Learning Centers	900,000	50,000	950,000
Recreation Center Partners	1,350,000	200,000	1,550,000
<b>Total</b>	<b>\$7,500,000</b>	<b>\$ -</b>	<b>\$7,500,000</b>

- **\$500,000 for Youth Employment** – As noted above, the Youth Employment program has evolved into a year-round job opportunity. These interns are also a critical personnel resource for the delivery of services through the WorkSource Center. At this increased level for the three-year cumulative period, additional positions can be offered in 2020, which can be used to leverage the work at the WorkSource Center.
- **\$50,000 for Computer Learning Centers** – As noted above, the CLCs need additional staffing to better coordinate services with the WorkSource Center and supervise the interns throughout the city. This increase will enable program expansion in 2020 rather than be deferred for 2021.
- **\$200,000 for Recreation Center Partners** – In 2020, HACLA will add additional service providers at San Fernando Gardens and William Mead, which are currently unbudgeted. In addition, the five-year agreements negotiated with the service providers in 2018 assumed that HACLA funding would diminish over time with the expectation that service providers would fully support all services. However, we believe it is appropriate at the time for HACLA to continue to provide financial support, which averages 16% of total costs to provide services. In addition, funds are set aside for additional facilities and janitorial needs during the summer months when usage peaks and requires additional maintenance.

Upon Board of Commissioners approval, the recommended uses of PILOT funds will be presented to the City Council for review and approval. Since this can result

in modifications to the proposed uses herein, authorization is requested for the President and CEO to adjust the final program allocations based on those discussions.

**Vision Plan** Each of the initiatives proposed is directly tied to specific Vision Plan Strategies including:

Program(s)	Vision Plan Strategy
<ul style="list-style-type: none"> <li>• Youth Employment</li> <li>• Computer Learning Centers</li> <li>• Scholarships</li> </ul>	People Strategy 7: Enhance resident access to education opportunities, workforce readiness training, and skills development.
Safety Infrastructure / Cameras	People Strategy 15: Improve Security Monitoring at all HACLA sites
Recreation Center Partners	People Strategy 4: Develop and implement onsite and offsite service linkages aligned with best practices to support broad resident needs.
Open Space Maintenance & Enhancements	People Strategy 12: Increase opportunities for use of common / open space. Place Strategy 6: Utilize HACLA-owned property to provide community amenities that meet broader neighborhood needs

**Funding:** The Chief Administrative Officer confirms the following:

*Source of Funds:* PILOT funds are derived from the Public Housing program which records ten percent of tenant revenue less utilities as an expense on a monthly basis. This expense is recorded as an accrued liability until it is programmed for specific uses; it is then reflected as unearned PILOT revenue until costs are incurred.

*Budget and Program Impact:* PILOT uses for public housing activities represent a significant benefit to the program since it relieves the program from having to absorb these costs from its operating budget.

**Environmental Review:** Not Applicable

**Section 3:** Not Applicable.

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION AUTHORIZING THE PRESIDENT AND CEO TO REQUEST AND NEGOTIATE A THREE-YEAR WAIVER AND USE AGREEMENT FOR CALENDAR YEARS 2021-2023 AND TO AMEND THE CALENDAR YEAR 2018-2020 USE AGREEMENT WITH THE CITY OF LOS ANGELES FOR THE HOUSING AUTHORITY'S PAYMENT IN LIEU OF TAXES**

**WHEREAS**, the City of Los Angeles ("City") and Housing Authority first entered into a Cooperative Agreement in 1938; and

**WHEREAS**, as part of the agreement, the Housing Authority would make Payments In Lieu Of Taxes ("PILOT") for services, based upon the rate of 10% of the annual rent paid by tenants less utilities charged to tenants, or full property taxes, whichever is less; and

**WHEREAS**, the City has approved PILOT waiver requests dating back to 1988 to support City services in Housing Authority developments; and

**WHEREAS**, with continual federal funding reductions, it is imperative that funding sources such as PILOT are used to maximize benefits for our residents, and

**WHEREAS**, the funds for the waiver request for calendar years 2021 through 2023 are made up of an estimated \$2,750,000 of accrued PILOT per year as well as \$1,000,000 in prior year excess accruals not already obligated for programs; and

**WHEREAS**, the recommended uses of PILOT funds requires approval by the City Council; and

**WHEREAS**, the programs and initiatives to benefit from the PILOT funds covered in this action are listed in the Board Report accompanying this resolution.

**NOW THEREFORE BE IT RESOLVED** that the Board of Commissioners authorizes the President & CEO to request and negotiate a three-year waiver and use agreement for calendar years 2021 through 2023 with the City of Los Angeles for the Housing Authority's Payment in Lieu of Taxes, and

**BE IT FURTHER RESOLVED** that the Board of Commissioners authorizes the President and CEO to amend the calendar year 2018 through 2020 use agreement with the City of Los Angeles for the Housing Authority's Payment in Lieu of Taxes, and

**BE IT FURTHER RESOLVED** that this Resolution shall take effect immediately.

APPROVED AS TO FORM:

Housing Authority of the City of Los Angeles

BY: \_\_\_\_\_  
James Johnson, General Counsel

BY: \_\_\_\_\_  
Ben Besley, Chairperson

DATE ADOPTED: \_\_\_\_\_



