



**COMMUNITY DEVELOPMENT COMMISSION/
HOUSING AUTHORITY**
of the County of Los Angeles

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Hilda L. Solis
Mark Ridley-Thomas
Sheila Kuehl
Janice Hahn
Kathryn Barger
Commissioners

Monique King-Viehland
Executive Director

June 06, 2018

The Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

The Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**FISCAL YEAR 2018-2019 BUDGETS OF THE COMMUNITY DEVELOPMENT COMMISSION AND
HOUSING AUTHORITY
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

The Fiscal Year (FY) 2018-2019 recommended Budgets of the Community Development Commission of the County of Los Angeles (CDC) and the Housing Authority of the County of Los Angeles (HACoLA) total \$515,690,700, an increase of \$58,630,700 or 12.83% from the FY 2017-2018 budget of \$457,060,000.

The increase is largely due to the timing and completion of construction projects that CDC is administering on behalf of the County, primarily in the Second and Fourth Supervisorial Districts. The increase is also due to the enactment of several Homeless Initiatives/Measure H strategies the Community Development Commission/Housing Authority of the County of Los Angeles (CDC/HACoLA) will be administering. Lastly, a major factor for the increase from FY 2017-2018 to FY 2018-2019 is the allocation of Department of Mental Health (DMH) funds for the Mental Health Housing Program (MHHP) administered by the CDC.

These increases have been offset primarily by reductions in the Housing Choice Voucher (HCV)

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

1-H June 6, 2018

CELIA ZAVALA
ACTING EXECUTIVE OFFICER

program in both Housing Assistance Payments (HAP) and Administrative Fees, postponement of the Nueva Maravilla projects, and a decrease in Community Development Block Grant (CDBG) federal funding.

Although the CDC/HACoLA has been faced with inevitable challenges in preparation of the Fiscal Year 2018-2019 budget, we continue to identify further improvements and optimal ways of managing available resources in order to accomplish our goals. It is our intent to create a financially sound budget while ensuring effective service delivery to the residents and businesses of the County of Los Angeles.

IT IS RECOMMENDED THAT THE BOARD ACTING AS THE GOVERNING BODY OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Adopt and instruct the Chair to sign a Resolution (Attachment A) approving the \$515,690,700 FY 2018-2019 Budget, which includes \$158,237,600 in CDC funding and \$357,453,100 in HACoLA funding.
2. Instruct the Executive Director, or her designee, to implement the CDC's FY 2018-2019 Budget and take all related actions for this purpose, including execution of all required documents.
3. Authorize the Executive Director, or her designee, to execute or amend a Funding Agreement with the County of Los Angeles (County) and all required documents necessary to accept \$102,000 in Centro Estrella Rent funds and \$700,000 in South Whittier Resource Center funds into the CDC's FY 2018-2019 Budget.
4. Find that the approval of the CDC's FY 2018-2019 Budget is not subject to the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.

IT IS RECOMMENDED THAT THE BOARD, ACTING AS THE GOVERNING BODY OF THE HOUSING AUTHORITY:

1. Adopt and instruct the Chair to sign a Resolution (Attachment B) approving HACoLA's FY 2018-2019 Budget, which includes revenues and expenditures of \$357,453,100.
2. Adopt and instruct the Chair to sign the Transmittal Resolution (Attachment C) certifying submission of HACoLA's FY 2018-2019 Budget, by your Board, to the United States Department of Housing and Urban Development (HUD).
3. Instruct the Executive Director, or her designee, to implement HACoLA's FY 2018--2019 Budget and take all related actions for this purpose, including execution of all required documents.
4. Authorize the Executive Director, or her designee, to execute or amend Funding Agreements with the County and all required documents necessary to accept \$475,000 for the Cooperative Extension Program, \$1,007,000 for the Community Policing Program, and \$425,000 for South County Family Sites into HACoLA's FY 2018-2019 Budget.
5. Find that the approval of HACoLA's FY 2018-2019 Budget is not subject to CEQA because the activities are not defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to establish new FY appropriation authority for the CDC/HACoLA for operations and activities.

FISCAL IMPACT/FINANCING

The combined FY 2018-2019 Budgets include \$108.7 million in County funds, which represents an increase of \$67.3 million from FY 2017-2018. The \$108.7 million includes but is not limited to: \$42.2 million related to various capital projects in the First, Second, Fourth and Fifth Supervisorial Districts; \$23.5 million comes from DMH's funding for development of permanent supportive housing through the NOFA funding process; \$22.9 million supports multiple homeless initiative strategies approved through Measure H funding; \$6.2 million is dedicated for the development of affordable and Homeless-Special Needs housing units; \$5.3 million will provide for county economic development initiatives such as RENOVATE and Wilmington/118th Road Improvement projects. The remaining County funds will support the Community Policing Program, the University of California Cooperative Extension Program and other countywide initiatives.

A total of \$25.4 million in reserves is being budgeted for FY 2018-2019, primarily from \$21.1 million County capital funds received in previous fiscal years for active construction projects that the CDC is administering on behalf of the District Offices. The Public Housing program is projecting to use \$3.4 million of unrestricted reserves for administration.

BUDGET OVERVIEW:

The combined FY 2018-2019 Budgets include \$158.2 million for the CDC and \$357.5 million for HACoLA. The Budgets consist primarily of federal funding provided by HUD for housing and community development programs. More than half of the budget is in support of the HCV program for low-income families, seniors, persons with disabilities and veterans. Local revenue sources include County funds, public housing rental income, and other grants received in support of housing.

The 2018 Omnibus Bill passage provides a 10% increase to Transportation, Housing and Urban Development (T-HUD); however, we remain cautious and prudent with our budgeting as the final HUD allocation and proration levels remain unknown. The five federally funded programs impacted by the bill are Public Housing Operating Fund, Public Housing Capital Fund, Section 8 HAP and Administrative Fees, CDBG, HOME programs. Although the CDC and HACoLA budgets exclude the Omnibus due to its late passage, CDC/HACoLA is prepared to return to the Board during FY 18-19 within the first six months to submit an amended budget with final Measure H and Federal funds if necessary.

COMMUNITY DEVELOPMENT COMMISSION:

In FY 2018-2019, the CDC programs will be supported by three primary funding sources: CDBG funds, State and County Revenue (inclusive of reserves from Construction Projects and DMH), and HOME Grants.

The FY 2018-2019 CDBG Program is budgeted at \$25.1 million, which includes funds for the CDC, 47 participating cities, five County departments, 26 community-based organizations, and other public agencies. The CDC estimates a FY 2018-2019 allocation of \$21.4 million.

State and County revenue is budgeted at \$76 million, which includes \$23.5 million in DMH funds in support of permanent supportive housing for homeless or chronically homeless individuals with a

mental illness and their families. Also included in State and County revenue is \$21 million for the Earvin "Magic" Johnson Park project. \$13.8 million will be budgeted for various Measure H programs approved by the County. \$3 million is allocated for State Emergency Grant Solutions, which is used to rehabilitate and operate emergency and transitional shelters, provide essential social services, and prevent homelessness. Other County funds include \$2.6 million to support the Traffic Administration Services Program, which is funded by revenues generated at courthouses throughout Los Angeles County. \$2.2 million is budgeted for the RENOvATE program that improves the appearance of buildings and entire commercial centers. In addition, \$9.9 million in State and County funds are in support of various economic development, affordable housing, and state programs.

The Residential Sound Insulation Program provides grants to eligible property owners to sound insulate residential homes and rental units from noise caused by aircraft arriving and departing the Los Angeles International Airport. The total budgeted for this program is \$12.5 million.

HOUSING AUTHORITY:

HACoLA is the second largest Housing Authority in Southern California. Operating with a \$357.5 million budget for more than 25,000 Housing Choice Vouchers/Certificates and 3,229 Public and Affordable Housing Units, HACoLA provides affordable rental housing for low income families and elderly persons.

In FY 2018-2019, HACoLA's programs will be supported by two major funding sources: Housing Assistance Revenue and Public Housing Program Funds.

The Housing Assistance Revenue is budgeted at \$310.1 million, and will be used to administer more than 25,000 rental subsidies for eligible individuals and families, seniors, veterans, and persons with disabilities living in the unincorporated area of Los Angeles County and 62 participating cities. With federal funds received from HUD, rental payments are made directly to private landlords for participants in the following programs: HCV, Veterans Affairs Supportive Housing, Shelter Plus Care/Continuum of Care, Moderate Rehabilitation, and Housing Opportunities for Persons with Aids.

The Public Housing Program funding is budgeted at \$24.3 million, and is comprised primarily of \$13.3 million in rent revenues, \$8.2 million in operating subsidies, and \$2.8 million in CDBG funds. These funds are used to manage and maintain 3,229 public and affordable housing units. The Housing Management Division also manages the Capital Fund Program, which funding is budgeted at \$6.9 million and scheduled to be used for construction and carryover projects throughout Los Angeles County to rehabilitate housing units and perform site improvements.

The HACoLA budget also includes Affordable Housing Development Funds of \$483,200 for the development of housing for low-income individuals, families, and special needs populations and \$15.7 million in County General Funds which includes but is not limited to the support of the University of California Cooperative Extension Program, South County Family sites, the Community Policing Program, and homeless initiatives including Measure H and Homeless Prevention.

The combined CDC/HACoLA's budgets include 555 Full Time Equivalent (FTE) employees, with 547 regular and eight contract positions. There was a net decrease of 25 FTE from FY 2017-2018. However, it is important to note that the net decrease in positions were vacant positions due to attrition over the course of FY 2017-2018.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In January 2001, the CDC/HACoLA, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a Capital Budget. FY 2018--2019 marks the 17th year that HACoLA will submit a Capital Budget that details ongoing and future projects. The FY 2018 -2019 operating budget includes \$8.7 million in HACoLA budget for 13 projects.

On May 22, 2018, the Board of Supervisors approved the FY 2018-2019 One Year Action Plan (Action Plan) for the allocation of federal funds, which includes the planned use of CDBG, HOME, and Emergency Solutions Grant funding by CDC, HACoLA, County departments, participating cities, community-based organizations, and other public agencies. The Action Plan was created with citizen input, as required by federal regulations. The recommendations approved as part of the Action Plan are reflected in the proposed FY Budgets.

Adoption of the attached Resolutions approving the FY 2018-2019 Budgets is necessary to establish new fiscal year appropriation authorities for the CDC/HACoLA, to receive funding. HUD Form 52574 must also be approved by the Board of Commissioners to certify HACoLA's operating budget. This letter also recommends authority for the Executive Director to execute any other documents for implementation of the budget, such as financial reports, audit requests and related documents required by HUD or any other governing bodies.

County Counsel has approved the attached Resolutions as to form and on April 25, 2018, the Housing Commission recommended approval of HACoLA's FY 2018-2019 Budget and related actions.

ENVIRONMENTAL DOCUMENTATION

Approval of the CDC/HACoLA's FY 2018-2019 Budgets is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because they involve administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378(b) because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the FY 2018-2019 Budgets will enable the CDC/HACoLA to conduct program activities to benefit low- and moderate-income residents of the County and participating cities.

The Honorable Board of Commissioners

6/6/2018

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Monique King-Viehlend". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

MONIQUE KING-VIEHLAND

Executive Director

MKV:jf

Enclosures

ATTACHMENT A

RESOLUTION APPROVING THE 2018-2019 FISCAL YEAR
BUDGET OF THE COMMUNITY DEVELOPMENT
COMMISSION OF THE COUNTY OF LOS ANGELES

WHEREAS, it is necessary for the Board of Commissioners of the Community Development Commission of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Community Development Commission of the County of Los Angeles, hereby adopts the following budgeted revenues and appropriations for the Community Development Commission of the County of Los Angeles for the 2018-2019 Fiscal Year, as set forth in the Annual Budget.

Estimated Funding: \$515,690,700

Expenditure and Reserve Appropriations: \$515,690,700

APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission of the County of Los Angeles on this ___ day of _____, 2018.

ATTEST:

CELIA ZAVALA
Acting Executive Officer-Clerk of the
Board of Commissioners

SHEILA KUEHL
Chair, Board of Commissioners

By: _____
Deputy

By: _____

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: 
Deputy

ATTACHMENT B

RESOLUTION APPROVING THE FISCAL YEAR 2018-2019
BUDGET OF THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Los Angeles has received the Budget for Fiscal Year 2018-2019 and has found:

1. That the proposed expenditures are necessary for the efficient and economical operation of housing programs for the purpose of serving low-and very-low income families.
2. That the budget is reasonable in that:
 - (a) It indicates a source of funding adequate to cover all proposed expenditures.
 - (b) It does not provide for use of federal funding in excess of that payable under the provisions of 24 Code of Federal Regulations Part 990.
3. That all proposed rental charges and expenditures will be consistent with provisions of law and the Annual Contributions Contracts with the U.S. Department of Housing and Urban Development.
4. That no employee serving in a variety of positions is reflected in the operating budget as serving an aggregate amount of time exceeding 100 percent.
5. That the U.S. Department of Housing and Urban Development requires that the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.

WHEREAS, it is necessary for the Board of Commissioners of the Housing Authority of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, the Board of Commissioners of the Housing Authority of the County of Los Angeles hereby resolves as follows:

1. The above recitals are true and correct.
2. The Housing Authority of the County of Los Angeles adopts the following budgeted revenues and appropriations for Fiscal Year 2018-2019, as set forth in the Annual Budget for the Housing Authority of the County of Los Angeles:

Estimated Funding \$357,453,100

Expenditure and Reserve Appropriations: \$357,453,100

3. That the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.
4. This Resolution shall take effect immediately.

APPROVED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles on this 16th day of June, 2018.

ATTEST:

CELIA ZAVALA
Acting Executive Officer-Clerk of the
Board of Commissioners

By: Sachelle Smithema
Deputy

SHEILA KUEHL
Chair, Board of Commissioners

By: Sheila Kuehl

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: Behnaz Jafar
Deputy



PHA Board Resolution
Approving Operating Budget

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 04/30/2016)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority of The County of Los Angeles PHA Code: CA002

PHA Fiscal Year Beginning: July 1, 2018

Board Resolution Number:

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- Operating Budget approved by Board resolution on:
- Operating Budget submitted to HUD, if applicable, on:
- Operating Budget revision approved by Board resolution on:
- Operating Budget revision submitted to HUD, if applicable, on:

06/06/2018



I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name: Sheila Kuehl	Signature: 	Date: 06/06/2018
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Previous editions are obsolete

ATTEST: CELIA ZAVALA
ACTING EXECUTIVE OFFICER
CLERK OF THE BOARD OF SUPERVISORS

form HUD-52574 (04/2013)

By Lachelle Amitherman, Deputy