



**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-Viehlend
Executive Director

September 11, 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:

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

SUBJECT

This letter recommends approval of Amended Budgets for Fiscal Year (FY) 2018-2019 for the Community Development Commission of the County of Los Angeles (CDC) and the Housing Authority of the County of Los Angeles (HACoLA).

The CDC/HACoLA Budgets were previously approved by the Board on June 6, 2018. The Budgets consist primarily of federal funding provided by the U.S. Department of Housing and Urban Development (HUD) for housing and community development programs. The 2018 Omnibus Bill was passed at the end of our budget process. Since the final calculation on the federal funding was not yet available at that time, the budgets excluded the additional funding from the Bill.

The eventual passage of the 2018 Omnibus Bill provided a 10% increase to Transportation, Housing and Urban Development (T-HUD). Due to the greater degree of certainty around federal funding levels, as well as additional County funding for affordable housing and homeless prevention allocated to the CDC and HACoLA in the County's supplemental budget, we are returning to your

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

1-H September 11, 2018

CELIA ZAVALA
ACTING EXECUTIVE OFFICER

Board for approval of Amended Budgets for the CDC and HACoLA.

The Amended Budgets total \$555,729,100, an increase of \$40,038,400 or 7.76% over the previously Approved Budgets of \$515,690,700; and an increase of \$98,669,100 or 21.59% over the FY 2017-2018 budgets of \$457,060,000.

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 B) approving the \$555,729,100 FY 2018-2019 Amended Budget, which includes \$163,343,300 in CDC funding and \$392,385,800 in HACoLA funding.
2. Instruct the Executive Director, or her designee, to implement the CDC's FY 2018-2019 Amended 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 Funding Agreements with the County of Los Angeles (County) and all required documents necessary to accept \$43,000,000 for the Affordable Housing Trust Fund; incorporate up to \$4,600,000 in Countywide Economic Development Trust Funds for various economic development programs; \$1,800,000 from the Department of Parks and Recreation for the Phase 1A of the Magic Johnson Park Project; incorporate up to \$800,000 for housing preservation activities including staffing, administration and software; and \$215,000 for costs associated with the development of the medical office building on the Martin Luther King, Jr. Medical Center Campus.
4. Find that the approval of the CDC's FY 2018-2019 Amended 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 C) approving HACoLA's FY 2018-2019 Amended Budget, which includes revenues and expenditures of \$392,385,800.
2. Adopt and instruct the Chair to sign the Transmittal Resolution (Attachment D) certifying submission of HACoLA's FY 2018-2019 Amended Budget, by your Board, to HUD.
3. Instruct the Executive Director, or her designee, to implement HACoLA's FY 2018--2019 Amended Budget and take all related actions for this purpose, including execution of all required documents.
4. Find that the approval of HACoLA's FY 2018-2019 Amended 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 FY 2018-2019 appropriation authority for the CDC/HACoLA for operations and activities.

FISCAL IMPACT/FINANCING

The FY 2018-2019 Amended Budgets include \$163,343,300 for the CDC and \$392,385,800 for HAcOLA. More than half of the budget is in support of the Housing Choice Voucher (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 Amended Budgets reflect an additional \$9,944,900 in County funds, which includes: \$4,600,000 in Countywide Economic Development Funds for various economic development programs; \$1,800,000 for Phase 1A of the Magic Johnson Park Project; \$215,000 for costs associated with the development of the medical office building on the Martin Luther King, Jr. Medical Center Campus; \$2,529,900 for Measure H Strategy B4; and \$800,000 for housing preservation activities including staffing, administration and software.

The previously Approved Budgets included a one-year salary freeze due to uncertain funding decrease from FY 2017-2018, which is no longer necessary in light of stabilizing federal funding. Furthermore, we are adding 25 Full Time Equivalent (FTE) employees from the 555 FTE included in the June 2018 Adopted Budget, for a new total of 580 FTE, which includes 563 regular and 17 contract positions. The budget for these staffing changes totals to \$4,513,400 and will be covered by the increased funding.

The majority of these new positions (18 FTE) will support HAcOLA's HCV Program, including 4 FTE for the 600 new Veterans Affairs Supportive Housing (VASH) vouchers that HAcOLA will administer. In addition to the higher than anticipated proration of federal funds, we expect to receive further HCV vouchers from HUD later this year as a result of two Notices of Funding Availability (NOFA) currently underway. HAcOLA is well positioned to be awarded these funds and to effectively administer the programs with our increased staffing levels.

Total Housing Assistance Revenue is budgeted at \$339.7 million, an increase of \$29.6 million over the previously approved amount. Housing Assistance Revenue 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. The final allocation for Measure H: Strategy B4 was \$2.5 million more than expected. With the additional federal funds received from HUD, more rental payments are made directly to private landlords for participants in the following programs: HCV, VASH, Shelter Plus Care/Continuum of Care, Moderate Rehabilitation, and Housing Opportunities for Persons with AIDS.

The Public Housing Program funding is budgeted at \$27.5 million, an increase of \$3.2 million over the previously approved amount. The proration level for operating subsidies are expected to be 88%, which represents a 3% increase from the previously budgeted level. HUD approval was obtained to amend specific construction projects at Nueva Maravilla to allow \$2.7 million for the much needed repiping project. 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 \$9.0 million, an increase of \$2.1 million over the previously approved amount, and scheduled to be used for construction and carryover projects throughout Los Angeles County to rehabilitate housing units and perform site improvements. An additional 3 FTE in Construction Management Division are included in the Amended Budgets for increased Capital Fund activities.

The FY 2018-2019 HOME Program is budgeted at \$13.1 million, which includes funds for Housing Development, First-Time Homebuyer, and Rehabilitation Programs. This reflects an increase of \$3.2

million over the previously approved amount, and we have budgeted one new FTE for the additional workload.

The attached table summarizes the changes between the June 2018 Adopted Budgets and the proposed Amended Budgets for major CDC/HACoLA programs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Adoption of the attached Resolutions approving the FY 2018-2019 Amended Budgets is necessary to establish appropriation authorities for the CDC/HACoLA. 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 Budgets, such as financial reports, audit requests and related documents required by HUD or any other governing bodies.

ENVIRONMENTAL DOCUMENTATION

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

Respectfully submitted,



MONIQUE KING-VIEHLAND

Executive Director

MKV:SLA:nt

Enclosures

Attachment A – Amended Budget Changes for Major CDC/HACoLA Programs

Major Program	June 2018 Adopted Budget	September 2018 Amended Budget	% change	Comments
HCV & Special Programs	\$310.1 million	\$339.7 million	9.5%	Higher federal allocation, 600 new VASH vouchers and additional HCV vouchers available via two HUD NOFAs
Public Housing & Capital Fund	\$31.2 million	\$36.5 million	13.2%	Higher federal allocation,
HOME Program	\$9.9 million	\$13.1 million	32.3%	Higher federal allocation, will be used for development of affordable housing
CDC/HACoLA Total	\$515.7 million	\$555.7 million	7.8%	
Total staffing	555 FTE	580 FTE	4.5%	More staff needed to handle additional workload from increased HCV allocations, new VASH vouchers, and increased public housing rehabilitation activities

ATTACHMENT B

RESOLUTION APPROVING THE 2018-2019 FISCAL YEAR AMENDED 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: \$555,729,100

Expenditure and Reserve Appropriations: \$555,729,100

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 C

RESOLUTION APPROVING THE FISCAL YEAR 2018-2019 AMENDED 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 Amended 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 \$392,385,800

Expenditure and Reserve Appropriations: \$392,385,800

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 11th day of September, 2018.

ATTEST:

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

By: Lachelle Amitheman
Deputy

SHEILA KUEHL
Chair, Board of Commissioners

By: Sheila Kuehl

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: Mary C. Wickham
Deputy



Attachment D

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:

09/XX/2018

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:



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: SEP 11 2018
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Previous editions are obsolete

form HUD-52574 (04/2013)

ATTEST: CELIA ZAVALA
ACTING EXECUTIVE OFFICER
CLERK OF THE BOARD OF SUPERVISORS
By Lachelle Smith, Deputy