



June 09, 2020

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

Dear Commissioners:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

3-D June 9, 2020

A handwritten signature in black ink, appearing to read 'Celia Zavala'.

CELIA ZAVALA
EXECUTIVE OFFICER

**FISCAL YEAR 2020-2021 BUDGET OF THE LOS ANGELES COUNTY DEVELOPMENT
AUTHORITY
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

This letter recommends approval of the Fiscal Year (FY) 2020-2021 recommended Budget of the Los Angeles County Development Authority (LACDA). The FY 2020-2021 Budget totals \$785,959,500, an increase of \$137,344,500 or 21% over the final approved FY 2019-2020 budget of \$648,615,000.

IT IS RECOMMENDED THAT THE BOARD:

1. Adopt and instruct the Chair to sign a Resolution (Attachment A) approving the \$785,959,500 FY 2020-2021 Budget.
2. Instruct the Acting Executive Director, or his designee, to implement the LACDA's FY 2020-2021 Budget and take all related actions for this purpose, including execution of all required documents.
3. Find that the approval of the LACDA's FY 2020-2021 Budget is not subject to the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.
4. Authorize the Acting Executive Director, or his designee, to execute Funding Agreements or amendments to existing Funding Agreements with the County of Los Angeles (County) and all required documents necessary to accept \$102,000 in Centro Estrella Rent funds, \$700,000 in South Whittier Resource Center funds, \$475,000 for the Cooperative Extension Program, \$1,007,000 for the Community Policing Program, \$425,000 for South County Family Sites, \$216,000 for the Homeless Coordinator, and \$2,600,000 for economic development initiatives.

5. Authorize the Acting Executive Director, or his designee, pending approval of the County's FY 2019-2020 mid-year budget adjustment scheduled for June 29, 2020, to amend an existing Funding Agreement with the County and all required documents necessary to accept up to \$2,200,000 for economic development initiatives to support the Catalytic Development Fund, and to incorporate these funds into the LACDA's FY 2020-2021 Budget, as needed.

6. Authorize the Acting Executive Director, or his designee, pending approval of the County's FY 2019-2020 mid-year budget adjustment scheduled for June 29, 2020, to execute and/or amend a Funding Agreement with the County and all required documents necessary to accept up to \$2,000,000 for the Norwalk Library or other housing development projects, and to incorporate these funds into the LACDA's FY 2020-2021 Budget, as needed.

7. Authorize the Acting Executive Director, or his designee, to execute or amend a Memorandum of Understanding (MOU) with the County and all required documents necessary to accept \$566,318 for the Juvenile Justice Crime Prevention Act (JJCPA).

8. Adopt and instruct the Chair to sign the PHA Board Resolution (Attachment B) approving the operating budget and certifying submission of the LACDA's FY 2020-2021 Budget, by your Board, to the United States Department of Housing and Urban Development (HUD).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

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

The FY 2020-2021 recommended Budget of the LACDA totals \$785,959,500, an increase of 21% over the final approved FY 2019-2020 budget of \$648,615,000. The increase is primarily attributed to the increase in activities for the Vermont Manchester Project, implementation of the new Countywide Lead-Based Paint Mitigation Program, expansion in housing development projects with funding from the Affordable Housing Trust Fund and the Department of Mental Health (DMH) Funds, implementation of the Housing Innovation Challenge through Measure H: Strategy F7, and an increase in No Place Like Home funding. These increases are offset by the substantial completion of the Magic Johnson Park Phase 1A construction project.

The FY 2020-2021 recommended budget does not include new funding from the federal government as a result of H.R. 748, the legislative vehicle for the "Coronavirus Aid, Relief, and Economic Security (CARES) Act". The LACDA will return to the Board with separate actions in a supplemental budget as soon as HUD funding becomes available. Despite the enormous challenges ahead, we continue to strive to improve the level of service we provide to the residents and businesses we serve on a daily basis by embodying our mission of "Building Better Lives and Better Neighborhoods".

FISCAL IMPACT/FINANCING

The FY 2020-2021 Budget includes \$149.7 million in County funds, which represents an increase of \$3.7 million from FY 2019-2020. Of the \$149.7 million, \$33.3 million represents funding from DMH for development of supportive housing through the Notice of Funding Availability (NOFA) funding process; \$30.3 million is related to various capital projects in the First, Second, Fourth and Fifth Supervisorial Districts; \$28.9 million in support of preservation and development of special needs and affordable housing; \$25.9 million comes from the Lead-Based Paint Mitigation Programs; \$12.7

million supports multiple homeless initiative programs; \$6 million for activities related to the Vermont Manchester Project (Prop A funds); \$5 million will provide for county economic development initiatives; and the remaining County funds support other countywide initiatives.

BUDGET OVERVIEW:

The total FY 2020-2021 Budget of \$785,959,500 consists primarily of federal funding provided by HUD for housing and community development programs. Over half of the budget is in support of the Housing Choice Voucher (HCV) and Public Housing programs for low-income families, seniors, disabled and veterans. Local revenue sources include County funds, public housing rental income, and other grants received in support of housing.

Housing Assistance is budgeted at \$384 million, and will be used to administer rental subsidies for eligible individuals and families, seniors, veterans, and persons with disabilities living in the unincorporated areas of Los Angeles County and 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, Family Unification, Mainstream, Project-Based Voucher, Moderate Rehabilitation, and Housing Opportunities for Persons with Aids.

The Public and Affordable Housing Program is budgeted at \$35.5 million, and is comprised primarily of \$14.7 million in rent revenues, \$9 million in operating subsidies, \$3.9 million in housing assistance, \$2.1 million in state and county funds, and \$5.8 million in grants, carryover funds from prior years, and other income. These funds are used to manage and maintain public and affordable housing units. The Housing Operations Division also manages the Capital Improvement Program, which funding is budgeted at \$11.7 million and scheduled to be used for new construction and carryover projects throughout Los Angeles County to rehabilitate housing units and perform site improvements. The Capital Improvement Program will consist mainly of \$9 million in capital fund grant along with \$1.6 million carryover HUD funding for rehabilitation projects at Nueva Maravilla, and \$1.1 million in Community Development Block Grant (CDBG).

The FY 2020-2021 CDBG Program is budgeted at \$29 million, which includes funds for the LACDA, five supervisorial districts, participating cities, County departments, community-based organizations, and other public agencies.

State and County funds are budgeted at \$263.4 million. The majority of these funds are comprised of \$149.7 million County funds, and the remaining \$113.7 million make up the State's portion. The State provides funding for a variety of LACDA programs: \$101.4 million in No Place Like Home; \$3.4 million in Bringing Families Home to increase family reunification; \$2.8 million for the Traffic Violators School program; \$1.1 million in State Emergency Solutions Grant that are used for street outreach, emergency shelter, homelessness prevention, rapid re-housing; and the remaining dollars used in support for various other State and local initiatives.

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 budget for this program is \$10 million.

The LACDA budget includes 588 positions, which is a reduction of 21.70 full time equivalent (FTE) positions from the FY 2019-2020 final amended budget. The reductions were made in an effort to reduce administrative costs, improve operational efficiencies, and to align with funding received.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In January 2001, the Community Development Commission and the Housing Authority of the County of Los Angeles, predecessors to the LACDA, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a Capital Budget. FY 2020-2021 marks the 19th year that the LACDA will submit a Capital Budget that details ongoing and future projects. The FY 2020-2021 operating budget includes \$5.3 million in capital fund grant for 10 projects.

On May 26, 2020, the Board of Supervisors approved the FY 2020-2021 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 the LACDA, 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 recommended FY Budget.

Adoption of the attached Resolution approving the FY 2020-2021 Budget is necessary to establish new fiscal year appropriation authorities for the LACDA, to receive funding, and to comply with Federal Notice 94-66 (Public Housing Authority) from HUD's Office of Public and Indian Housing, issued September 2, 1994. HUD Form 52574 must also be approved by the Board of Commissioners to certify the LACDA's operating budget. This letter also recommends authority for the Acting Executive Director, or his designee, 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.

ENVIRONMENTAL DOCUMENTATION

Approval of LACDA's FY 2020-2021 Budget 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)

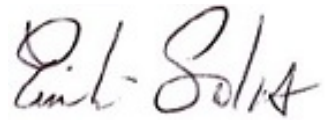
Approval of the FY 2020-2021 Budget will enable the LACDA to conduct program activities to benefit low- and moderate-income residents of the County and participating cities.

The Honorable Board of Commissioners

6/9/2020

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Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Emilio Salas". The signature is written in a cursive, flowing style.

Emilio Salas

Acting Executive Director

ES:MF:SLA

Enclosures

ATTACHMENT A

RESOLUTION APPROVING THE FISCAL YEAR 2020-2021 BUDGET OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

WHEREAS, the Board of Commissioners of the Los Angeles County Development Authority has received the Budget for Fiscal Year 2020-2021 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 Los Angeles County Development Authority to adopt an annual budget.

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

1. The above recitals are true and correct.
2. The Los Angeles County Development Authority adopts the following budgeted revenues and appropriations for Fiscal Year 2020-2021, as set forth in the Annual Budget for the Los Angeles County Development Authority:

Estimated Funding

\$785,959,500

Expenditure and Reserve Appropriations:

\$785,959,500

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 Los Angeles County Development Authority on this 9th day of JUNE, 2020.

ATTEST:

CELIA ZAVALA
Executive Officer-Clerk of the
Board of Commissioners

KATHRYN BARGER
Chair, Board of Commissioners

By: Lachelle Smithman
Deputy

By: Kathryn Barger

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: Betsy Jaleel
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: Los Angeles County Development Authority

PHA Code: CA002

PHA Fiscal Year Beginning: July 1, 2020

Board Resolution Number: **79072**

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:

06/09/2020

☐ 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:

Kathryn Barger

Previous editions are obsolete

Signature:

Kathryn Barger

Date:

JUN 09 2020



ATTEST: CELIA ZAVALA
EXECUTIVE OFFICER

CLERK OF THE BOARD OF SUPERVISORS

Rachelle Smithman, Deputy

form HUD-52574 (04/2013)