COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
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Sean Rogan
Executive Director

August 4, 2009

ADOPTED
Community Development Commission

7-D AUGUST 4, 2009

SACHI A. HAMAI
EXECUTIVE OFFICER

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

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:

APPROVE FINAL PAYMENT FOR THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT'S OFFICE OF INSPECTOR GENERAL AUDIT OF THE SECTION 8 HOUSING CHOICE VOUCHER PROGRAM (ALL DISTRICTS) (3 VOTE)

SUBJECT

This letter recommends approval of a revised resolution for the Section 8 Housing Choice Voucher Program to pay the final balance using Community Development Commission (Commission) general fund reserves. This will close out Recommendation 1M of the U.S. Department of Housing and Urban Development's (HUD) Tenant Eligibility and Annual Reexaminations audit of the Housing Authority's Housing Choice Voucher Program.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Find that the payment to the U.S. Department of Housing and Urban Development (HUD) is not subject to the provisions of the California Environment Quality Act (CEQA) because the activity is not defined as a project under CEQA.

2. Approve the payment of $833,333.34, using Commission general fund reserves, to HUD, as required by HUD's final audit report of the Housing Authority's Section 8 Housing Choice Voucher Program.

3. Instruct the Executive Director to take all actions required to finalize payment.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:

1. Find that the adoption of a revised resolution for the Housing Choice Voucher Program is not subject to the provisions of the California Environment Quality Act (CEQA) because the activity is not defined as a project under CEQA.

2. Adopt and instruct the Chairman to sign a revised resolution approving the lump sum repayment of $833,333.34 to HUD in order to close out HUD's final audit report of the Housing Authority's Section 8 Housing Choice Voucher Program.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to pay HUD the balance owed to close out Recommendation 1M of the HUD Office of Inspector General (OIG) Audit Report Number 2008-LA-1007 on Tenant Eligibility and Annual Reexaminations for Fiscal Year 2004-2005 and Fiscal Year 2005-2006.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

The Housing Authority previously negotiated a repayment agreement with HUD to pay the total of $1,000,000 over a three-year period. Thus far, two quarterly payments, each in the amount of $83,333.33, for April 2009 and July 2009, have been paid. In order to close out the audit finding, we will be using Commission general funds to pay the balance in full to HUD. The revised resolution will authorize the Housing Authority to pay the remaining balance of $833,333.34 in one lump sum payment by August 31, 2009.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

HUD's final audit report number 2008-LA-1007, issued on February 8, 2008, required the Housing Authority to reimburse HUD 10% ($3,662,972) of its Section 8 administrative fees for FY 2004-2005 and FY 2005-2006 for the Section 8 Program. In

a letter dated October 23, 2008, HUD agreed to reduce the repayment amount to $1,000,000, after an appeal by the Housing Authority, with a target repayment date of November 30, 2008.

On April 7, 2009, the Housing Authority received Board approval to enter into a repayment agreement with HUD to pay the $1,000,000 over a three-year period. However, HUD will not officially close the audit finding until the balance is paid in full. This lump sum payment will close out the audit.

On July 22, 2009, the Housing Commission recommended approval of the revised resolution.

ENVIRONMENTAL DOCUMENTATION

This activity 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 it involves an administrative activity that will not have a physical impact on or result in any physical changes to the environment. The activity is also not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROGRAM

Approval of the revised resolution will satisfy Recommendation 1M of the HUD OIG Audit Report Number 2008-LA-1007 on Tenant Eligibility and Annual Reexaminations.

Respectfully submitted,

SEAN ROGAN
Executive Director

cc: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors