



**HOUSING AUTHORITY  
of the County of Los Angeles**

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**Gloria Molina**  
**Mark Ridley-Thomas**  
**Zev Yaroslavsky**  
**Don Knabe**  
**Michael D. Antonovich**  
Commissioners

**Sean Rogan**  
Executive Director

June 6, 2012

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

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 2012-2013 BUDGETS OF THE COMMUNITY DEVELOPMENT  
COMMISSION AND HOUSING AUTHORITY  
(ALL DISTRICTS) (3 VOTE)**

**SUBJECT**

The Fiscal Year 2012-2013 Community Development Commission of the County of Los Angeles (Commission) and the Housing Authority of the County of Los Angeles (Housing Authority) Recommended Budgets totaling \$485,077,700 reflects a decrease of \$12,228,500, or 2.46%, over Fiscal Year 2011-2012.

The decrease is primarily due to a reduction in the Housing Authority's Capital Fund Program (CFP) funds from the U.S. Department of Housing and Urban Development (HUD) and completion of prior years' grant work, including funds from the American Recovery and Reinvestment Act (ARRA) of 2009 and an ARRA Capital Fund Recovery Competition (CFRC) grant for the Maravilla Energy Performance Contract.

The Commission budget also received additional reductions from the State's dissolution of the Redevelopment Agencies, as well as continued reductions in federal funding allocations in the Community Development Block Grant (CDBG) Program and the HOME Program. The decrease also reflects the completion of the South Health Center

**ADOPTED**

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY

1-H      June 6, 2012

SACHIN A. HAMAI  
EXECUTIVE OFFICER

project, which was funded by a Section 108 loan. Some of these decreases were offset by an increase in external construction projects that the Commission is overseeing on behalf of the County.

As with most other government entities, the federal and state funding constraints continue to impact the Commission and Housing Authority. Most Housing Authorities have been underfunded for the greater part of the last decade in both Public Housing and Section 8 voucher funds. To cope with these continuous funding cuts, we have balanced the budget through innovative efficiencies, staff reductions and use of reserves. The Commission will continue to overcome the challenges and exceed expectations in providing excellent service to our clients and communities throughout Los Angeles County.

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

1. Adopt and instruct the Chairman to sign a Resolution (Attachment A) approving the Commission's Fiscal Year 2012-2013 Budget, which includes revenues and expenditures of \$156,571,700.
2. Adopt and instruct the Chairman to sign a Resolution (Attachment B) approving the cost allocation model developed in conjunction with the Commission's external auditors, Klynveld Peat Marwick Goerdeler (KPMG), in April 2002.
3. Instruct the Executive Director, or his designee, to implement the Commission's Fiscal Year 2012-2013 Budget and take all related actions for this purpose, including execution of all required documents.
4. Find that the approval of the Commission's Fiscal Year 2012-2013 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 OF COMMISSIONERS OF THE HOUSING AUTHORITY:**

1. Adopt and instruct the Chairman to sign a Resolution (Attachment C) approving the Housing Authority's Fiscal Year 2012-2013 Budget, which includes revenues and expenditures of \$328,506,000.

2. Adopt and instruct the Chairman to sign the Transmittal Resolution (Attachment D) certifying submission of the Housing Authority's Fiscal Year 2012-2013 Budget by your Board to HUD.
3. Adopt and instruct the Chairman to sign a Resolution (Attachment E) approving the cost allocation model developed in conjunction with the Housing Authority's external auditors, KPMG, in April 2002.
4. Instruct the Executive Director, or his designee, to implement the Housing Authority's Fiscal Year 2012-2013 Budget and take all related actions for this purpose, including execution of all required documents.
5. Find that the approval of the Housing Authority's Fiscal Year 2012-2013 Budget is not subject to CEQA because the activities are not defined as a project under CEQA.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

The purpose of the recommended actions is to establish new fiscal year appropriation authority for the Commission and the Housing Authority for operations and activities.

HUD requires formal approval annually for the cost allocation plan that was developed in 2002 by KPMG, the Commission and Housing Authority's external auditors at the time. The details of the allocation plan were submitted to your Board in May 2007, and subsequently approved in June 2007. The allocation methodology remains the same for Fiscal Year 2012-2013.

#### **FISCAL IMPACT/FINANCING**

The combined Fiscal Year 2012-2013 Budgets include \$62,041,393 in County funds; an increase of \$21,764,942 from Fiscal Year 2011-2012 primarily due to the timing of construction projects that the Commission is administering on behalf of the County. Of the County funds, \$54.2 million is for various capital projects in the First and Fourth Supervisorial Districts, and \$5.9 million is in support of various homeless assistance projects, including the Homeless and Housing Program Fund (HHPF). The Community Resource Center is using \$805,850 for continued administrative support of various programs that provide comprehensive, integrated and accessible services to youth and families in unincorporated South Whittier. A total of \$475,000 is being requested to support the University of California Cooperative Extension Program at its current level. The remaining funds will support other countywide initiatives such as SocialServe.com.

A total of \$12.2 million in reserves is budgeted for Fiscal Year 2012-2013 to bridge the gap between funding and required expenses. Reserves include the Commission general fund, Central Office Cost Center (COCC), Housing Authority administrative reserves, and other reserves. The Commission general fund is budgeted at \$7.9 million, of which \$6.5 million will be used to pay a portion of the bond issued for the Commission and Housing Authority's new administrative building, as discussed in the April 26, 2011 Board letter for the lease agreement. This initial outlay will substantially reduce the annual rental payments to be charged to the divisions over the next 30 years. Additional Commission general funds are also budgeted to cover any shortfall for retiree medical expenses, excess legal fees and Ujima demolition costs. The COCC is budgeted at \$839,400 to support the administrative costs of the Housing Authority and legal fees. In recent years, these reserves have been required to balance the Housing Authority's budget, due to a combination of the HUD-mandated conversion to an Asset Management model for public housing and continuous reductions in federal funding. The Section 8 program is projecting to use \$1.5 million of Housing Authority administrative reserves to help offset anticipated reductions in HUD administrative funding for 2013. Other reserves are budgeted at \$2 million to cover the demolition of the Ujima Village housing development and various construction projects for the County.

#### **BUDGET OVERVIEW:**

The combined Fiscal Year 2012-2013 Budgets include \$156,571,700 for the Commission and \$328,506,000 for the Housing Authority. The Budgets consist primarily of federal funding provided by HUD for housing and community development programs. Local revenue sources include public housing dwelling rental income and Affordable Housing Development Funds, which are prior year City of Industry Reserves (COI).

The Budgets also include \$2 million for costs related to the relocation of Commission and Housing Authority administrative offices to the new building in Alhambra in the fall of 2012. Relocation expenses will be allocated to program divisions based on a proration of the square footage to be occupied at the new building. The Commission and Housing Authority currently operate out of three administrative offices and the move to the new Alhambra building will improve efficiencies by housing all administrative staff in one location.

#### **EFFICIENCY EFFORTS:**

The Commission and Housing Authority continue to vigorously pursue measures to generate savings while improving operations. To that end, we have diligently analyzed and restructured existing processes, which have helped us continue to operate at high levels of service.

Some of the efficiency improvements over the past year include:

- Creation of a tenant portal allowing online submission of documentation for Section 8 annual reexaminations, eliminating redundant processes and reducing the completion time for annual reexaminations
- Implementation of the Green Routing System (GRS), which allows for the optimal scheduling of Section 8 inspections to minimize travel time and decrease fuel expenses
- Creation of an online rental payment system for public housing residents, to improve efficiency and accuracy of rent collection
- Transition to paperless records management system for public housing, by utilizing new technologies to reduce storage costs and enhance security of confidential documents
- Introduction of handheld tablets (iPads) for Section 8 Inspections, using HUD software which integrates with Yardi inspection modules
- Implementation of a Managed Print Solution to reduce the numbers of printers, resulting in lower costs for toner and service visits, and a lower per sheet price for printing, copying, and scanning
- Transition to online publications, reducing printing costs and improving customer accessibility to data

#### **COMMUNITY DEVELOPMENT COMMISSION:**

In Fiscal Year 2012-2013, the Commission's programs will be supported by four major funding sources; State/County Revenue, CDBG funds, Sound Attenuation Grants and HOME funds.

State and County Revenue is budgeted at \$63.4 million, which consists primarily of \$55.5 million for external construction projects in the First and Fourth Supervisorial Districts and \$5.9 million for various Homeless Program Initiatives funded by the County. This total also reflects \$805,850 for support of the South Whittier Community Resource Center, which includes \$275,000 for the replacement of the modular trailers.

The 2012-2013 CDBG Program is budgeted at \$39.8 million, which includes the annual Federal Entitlement and unspent prior-year carryover funds. The annual allocation is \$21 million, a reduction of 22% from the previous year due to HUD funding cuts, the lowest funding received for this program since its inception, and a cumulative reduction of over 50% since 1995. CDBG funds will be used by the Commission, the Housing Authority, 48 participating cities, six County departments, 35 community-based organizations and other public agencies, such as school districts.

Sound Attenuation Grants for the Resident Sound Insulation Program (RSIP) are budgeted at \$14.1 million, which includes funding from Los Angeles World Airports and the Federal Aviation Administration to mitigate exterior noise impact from planes flying near homes around Los Angeles International Airport.

HOME funds are budgeted at \$13.6 million and will be used for the development of affordable multifamily rental housing for both Special Needs and Non-Special Needs populations.

#### **HOUSING AUTHORITY:**

In Fiscal Year 2012-2013, the Housing Authority's programs will be supported by three major funding sources: Housing Assistance Payments, Public Housing Program Funds, and Affordable Housing Development Funds (COI).

The Housing Assistance Payments are budgeted at \$274.3 million, and are used to provide rental assistance for 22,721 low- and very-low income families and seniors, and an additional 226 units for tenants residing at the Kings Road and Lancaster Homes project-based Section 8 developments.

The Public Housing Program funding is budgeted at \$18.9 million, and is comprised primarily of \$11 million in rent revenues and \$7.9 million in operating subsidies. These funds are used to manage and maintain 3,258 public and affordable housing units, and to provide resident services.

Affordable Housing Development Funds (COI) are budgeted at \$17.1 million for the Housing Authority for the development of housing for low-income individuals, families, and special needs populations. To date, a total of \$220.3 million has been awarded, leveraging approximately \$1.6 billion to develop 6,660 units of affordable rental, homeownership and special needs housing units.

#### **STAFFING:**

Due to continued reductions in funding combined with increasing administrative costs, the Commission and Housing Authority have implemented a salary freeze for Fiscal Year 2012-2013. However, additional reductions were needed in order to balance the budget, so a total of 66 full time equivalent (FTE) positions were eliminated. The Commission is budgeting 551 FTE employees, with 502 of those as regular positions and 49 as contract positions. Of the 66 reductions, 33 positions were vacant, 43 positions were eliminated through layoffs and 10 new positions were added to the Housing Authority after family self sufficiency grant funds were awarded by HUD in January 2012.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In January 2001, the Commission and the Housing Authority, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a capital budget. Fiscal Year 2012-2013 marks the twelfth year that the Housing Authority will submit a capital budget that details ongoing and future projects. The Fiscal Year 2012-2013 operating budget includes \$1.95 million in Housing Authority capital projects for ongoing and new projects.

On May 22, 2012, your Board approved the 2012-2013 One Year Action Plan (Action Plan) for the allocation of federal funds, which includes the planned use of CDBG, HOME, and ESG funding by the Commission, the Housing Authority, 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 by your Board are reflected in the proposed Fiscal Year 2012-2013 Budgets.

Adoption of the attached Resolutions approving the Fiscal Year 2012-2013 Budgets is necessary to establish new fiscal year appropriation authorities for the Commission and the Housing Authority, 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 21, 1994. HUD Form 52574 must also be approved by your Board to certify the Housing Authority's operating budget.

County Counsel has approved the attached Resolutions as to form. On April 18, 2012, the Housing Commission recommended approval of the Housing Authority's Fiscal Year 2012-2013 Budget and related actions.

## **ENVIRONMENTAL DOCUMENTATION**

Approval of the Commission and Housing Authority's Fiscal Year 2012-2013 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 AND PROJECTS**

Approval of the Fiscal Year 2012-2013 Budgets will enable the Commission and the Housing Authority to conduct program activities to benefit low- and moderate-income residents of the County and participating cities.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", with a horizontal line extending to the right from the end of the signature.

SEAN ROGAN  
Executive Director

c: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors

Enclosures



RESOLUTION APPROVING THE 2012-2013 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 2012-2013 Fiscal Year, as set forth in the Annual Budget.

Estimated Funding: \$156,571,700

Expenditure and Reserve Appropriations: \$156,571,700

APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission of the County of Los Angeles on this \_\_\_\_ day of \_\_\_\_\_, 2012.


ATTEST:

SACHI A. HAMAI  
Executive Officer-Clerk of the  
Board of Commissioners

By: \_\_\_\_\_  
Deputy

By: \_\_\_\_\_  
Chairman of the  
Board of Commissioners

APPROVED AS TO FORM:  
JOHN F. KRATTLI  
Acting County Counsel

By:   
Deputy



APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission of the County of Los Angeles on the \_\_\_\_\_ day of \_\_\_\_\_, 2012.

ATTEST:

SACHI A. HAMAI  
Executive Officer-Clerk of the  
Board of Commissioners

By: \_\_\_\_\_  
Deputy

By: \_\_\_\_\_  
Chairman of the  
Board of Commissioners

APPROVED AS TO FORM:  
JOHN F. KRATTLI  
Acting County Counsel

By: Belmez Jashak  
Deputy

RESOLUTION APPROVING THE FISCAL YEAR 2012-2013  
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 2012-2013 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 2012-2013, as set forth in the Annual Budget for the Housing Authority of the County of Los Angeles:

Estimated Funding \$328,506,000

Expenditure and Reserve Appropriations: \$328,506,000

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 6<sup>th</sup> day of June, 2012.

ATTEST:

SACHI A. HAMAI  
Executive Officer-Clerk of the  
Board of Commissioners

By: Sachelle Smitherman  
Deputy

By: Ray Yarsland  
Chairman of the  
Board of Commissioners

APPROVED AS TO FORM:  
JOHN F. KRATTLI  
Acting County Counsel

By: Bethany Johnston  
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.12/31/2012)

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, 2012 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: 6/6/2012
- 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: Zev Yaroslavsky, Chairman	Signature: 	Date: 6/6/2012
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ATTEST: SACHIA A. HAMAI  
EXECUTIVE OFFICER  
CLERK OF THE BOARD OF SUPERVISORS

Previous editions are obsolete

By Sachelle Smithman Deputy

RESOLUTION APPROVING THE FISCAL YEAR 2012-2013  
COST ALLOCATION PLAN 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 Cost Allocation Plan for Fiscal Year 2012-2013 and has found:

1. That the proposed cost allocation plan is a reasonable and supportable methodology of allocating centralized administration costs to housing and/or development programs.
2. That the proposed cost allocation plan will be consistent with cost principles set forth in the Office of Management & Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments and other generally applied cost allocation methods.

WHEREAS, it is necessary for the Board of Commissioners of the Housing Authority of the County of Los Angeles to adopt a cost allocation plan.

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

3. The above recitals are true and correct.
4. The Housing Authority of the County of Los Angeles adopts the following cost allocation plan, as required by the U.S. Department of Housing and Urban Development (HUD).
5. This resolution shall take effect immediately following Board approval and will be effective until a major change is proposed to be made in the methodology, at which time, the new cost allocation plan will be submitted for approval by this governing body.

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APPROVED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles on the 6<sup>th</sup> day of June, 2012.

ATTEST:

SACHI A. HAMAI  
Executive Officer-Clerk of the  
Board of Commissioners

By: Lachelle Smitherman  
Deputy

By: Ben Yaroslansky  
Chairman of the  
Board of Commissioners

APPROVED AS TO FORM:  
JOHN F. KRATTLI  
Acting County Counsel

By: Behruz Jodake  
Deputy

