

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 22, 2022

CAO File No. 0220-00540-1623

Council File No. 22-1011

Council District: Citywide

To: The Mayor
The Council

From:  for Matthew W. Szabo, City Administrative Officer

Reference: Los Angeles Housing Department transmittal dated July 28, 2022; Received by the City Administrative Officer on August 30, 2022; Additional Information Received through September 21, 2022.

Subject: **REQUEST FOR AUTHORITY TO NEGOTIATE AND EXECUTE A NEW INTERAGENCY AGREEMENT WITH THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES FOR THE PROVISION OF PROFESSIONAL ENVIRONMENTAL SERVICES**

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. Authorize the General Manager of the Los Angeles Housing Department (LAHD), or designee, to execute an inter-agency agreement between LAHD and the Housing Authority of the City of Los Angeles (HACLA) to provide professional environmental review services for HACLA, with a compensation amount of \$300,000 or up to the actual cost of the environmental reviews performed during the contract term, and a contract term of one year retroactive to July 1, 2022, with the option to renew for two additional one-year terms, pending funding availability, in substantial conformance with the draft agreement attached to the LAHD transmittal dated July 28, 2022, subject to the approval of the City Attorney as to form, and compliance with the City's contracting requirements;
2. Authorize the LAHD to apply the environmental review fees for identical services, to all other local grantees that also require HUD-mandated environmental review services prior to their execution of a grant agreement with, or to receive program funding from, HUD; and,
3. Instruct the LAHD to conduct a new fee analysis of the fully burdened cost to provide professional environmental services required under CEQA, NEPA and other relevant federal, state, and local environmental laws and regulations, by 2025 and prior to entering into any future agreements for performing environmental review services.

SUMMARY

The Los Angeles Housing Department (LAHD) requests authority to negotiate and execute a new inter-agency agreement between the LAHD and the Housing Authority of the City of Los Angeles (HACLA) for the LAHD to provide professional environmental services for HACLA pursuant to the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), and other relevant federal, state, and local land use and environmental laws and regulations. The proposed inter-agency agreement will have a compensation amount payable to the LAHD of \$300,000, and a one-year contract term retroactive to July 1, 2022, with the option to extend the agreement for two additional one-year terms, pending funding availability. The proposed agreement also includes the provision of the Section 106 Historic Preservation Services for HACLA, which refers to the environmental reviews that are aimed at minimizing the potentially adverse effects of federally-funded rehabilitation on properties with significant historic value. The environmental review services will be completed by LAHD staff, while the Section 106 Historic Preservation Services will be performed by a contractor selected through a Request for Proposals process. The LAHD transmitted a separate report with a request to execute a contract with ICF Jones & Stokes, Inc. for the provision of the Section 106 Historic Preservation services for LAHD and is currently pending Council and Mayor approval (C.F. 22-1016).

The proposed inter-agency agreement between LAHD and HACLA will be funded by HACLA, which will reimburse the LAHD for the environmental review expenses. Funding for the LAHD positions performing the environmental review services and the Section 106 Historic Preservation Services contract was approved in the 2022-23 Adopted Budget. The HACLA proceeds will be deposited into the Municipal Housing Finance Fund as applicable credit to offset direct costs associated with the HACLA environmental reviews. Subsequent to the release of its transmittal, dated July 28, 2022 (Report), the LAHD clarified that HACLA will reimburse LAHD for all actual costs and will not be limited by the contract's compensation amount. The \$300,000 compensation amount in the draft agreement attached to the LAHD Report is based on the cost associated with LAHD's forecast of the number of projects that HACLA will submit to LAHD for review in a year (\$200,000) and the total Section 106 Historic Preservation Services contract amount (\$100,000), but LAHD notes that HACLA will reimburse LAHD for related expenses through the payment of invoices issued by LAHD on a project-by-project basis. This Office amended the compensation language in the contract authority recommendation to clarify that the compensation amount payable to LAHD may be higher than \$300,000.

All of the HACLA's U.S. Department of Housing and Urban Development (HUD)-funded activities are subject to CEQA, NEPA, and environmental review requirements as outlined in HUD's Code of Federal Regulations (CFR) Part 58 and the related federal laws and authorities specified in the CFR §58.5. Pursuant to CFR §58.4, the LAHD has been designated by HUD to assume environmental review responsibilities for all HUD-funded activities in the City. The LAHD reports that the inter-agency agreement would enable the LAHD to continue to provide the HACLA with HUD-mandated environmental clearance and will help ensure that the HACLA's federal funds and vouchers necessary for preserving and enhancing affordable and supportive housing comply with the noted regulations.

The LAHD also requests authority for the following actions related to the fees applied to the environmental services: 1) to apply the same fees when providing identical environmental services to other local grantees that require HUD-mandated environmental review services; and, 2) an instruction to conduct a new fee analysis of the cost of providing environmental review services by the year 2025 prior to entering into any future agreements with the HACLA for the provision of environmental services. The Mayor and Council approved updated environmental review fees in June 2019 (C.F. 10-0398). The new fee analysis will be necessary to ensure LAHD is able to fully recover the staff costs associated with the environmental services provided to the HACLA and other local grantees. This Office concurs with the recommendations of the Department, as amended, to include clarifying language regarding the compensation amount.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The proposed inter-agency agreement between the Los Angeles Housing Department and the Housing Authority of the City of Los Angeles (HACLA) will be reimbursed by HACLA proceeds.

FINANCIAL POLICIES STATEMENT

The recommendation in this report complies with the City's Financial Policies.

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