



TO: Honorable City Council
C/O City Clerk, Room 395, City Hall

FROM: Douglas Guthrie, HACLA President & CEO *Douglas Guthrie*

DATE: Tuesday, December 5, 2023

SUBJECT: Request for Payment in Lieu of Taxes (PILOT) Waiver for 2024-2026 Resident Programs

SUMMARY

The Housing Authority of the City of Los Angeles (HACLA) seeks authorization from the City of Los Angeles to use PILOT funds for resident services programs for Calendar Years 2024 through 2026, including jobs for youth, recreation and education programs, computer learning center services, and security camera maintenance at our various public housing developments.

BACKGROUND

In 1938, the City and HACLA entered into a Cooperative Agreement under which HACLA would reimburse the City for the value of municipal services provided to our developments. This type of agreement is common for public housing agencies since they are exempt from paying local property taxes.

However, beginning in 2008, the City has “waived” this payment and has instead authorized HACLA to use these funds for various programs that benefits HACLA public housing residents. Beginning in 2017, the City has authorized three-years of funding in order to facilitate multi-year agreements with our service partners.

PROGRAM SUMMARY

\$3.2 million for Youth Employment – in partnership with the City, HACLA has offered youth employment opportunities since 2011. Youth are placed in paid internships with employers throughout the city. At this funding level, over 500 youth can be placed annually.

\$1.9 million for Safety Infrastructure – in partnership with the LAPD’s Community Safety Partnership (CSP) program, an updated camera system was installed in 2020. Funding is needed for ongoing maintenance and repairs.

\$2 million for Computer Learning Centers – the computer labs serve as a critical resource for residents of all ages. Funding is used for staffing of the labs and is leveraged by contributions from the City and private donors for updated equipment and facility renovations.

\$3.2 million for Recreation and Education Programs – Beginning in 2011, HACLA assumed direct oversight of programs previously operated by the City’s Parks & Recreation Department. This funding enables us to contract with various service providers, such as the Boys & Girls Clubs, as well as maintenance of the facilities.

Details for the request are in the accompanying report.

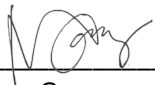
Housing Authority of the City of Los Angeles

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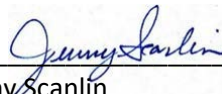
**RESOLUTION AUTHORIZING THE REQUEST OF A THREE-YEAR WAIVER AND USE AGREEMENT
FOR CALENDAR YEARS 2024-2026 WITH THE CITY OF LOS ANGELES
FOR THE USE OF PAYMENT IN LIEU OF TAXES**



Douglas Guthrie
President and CEO



Marlene Garza
Chief Administrative Officer



Jenny Scanlin
Chief Development Officer

Request: Consistent with prior years, this Board Action will authorize the President and CEO to submit a waiver to and obtain a use agreement from the City of Los Angeles (City) for the use of Payment in lieu of Taxes (PILOT) funds to provide various services to public housing residents including: youth employment, public safety infrastructure, digital literacy and access, enriched recreation and education programming for youth, and recreation center improvements.

Regarding: *Resolution 9581 adopted by the Board of Commissioners on February 27, 2020, and resolution 9392 adopted by the Board of Commissioners on October 21, 2017*

Issues: In 1938, the City and the Housing Authority of the City of Los Angeles (HACLA) entered into a Cooperative Agreement under which HACLA would reimburse the City for the value of municipal services provided to our developments. This type of agreement is standard for many public housing agencies since public housing properties are considered federal land and are therefore exempt from paying local property taxes. The annual amount is based on ten percent of rents collected from public housing residents less utilities. This is reflected in the public housing budget as an expense.

Beginning in 2008, rather than simply remit PILOT funds to the City, we have requested a “waiver” from the payment and instead proposed various uses of the funds that would benefit HACLA residents. The City has readily agreed to this arrangement.

Beginning in 2017, HACLA implemented a three-year budget primarily to facilitate longer-term planning and contracting stability with our non-profit partners operating recreation and education programs on-site at HACLA facilities.

This report proposes a three-year budget for Calendar Years (CY) 2024-2026 and continues existing programs with some adjustments as well as introduces new initiatives all of which support enriched programming for public housing residents.

Funding Projection:

Based on the most recent tenant rental activity, the expected amount of annual funding available for 2024 through 2026 is \$9.15 million over the three-year period. This assumes that Tenant Revenue will continue to increase incrementally each year, and also assumes that utility costs will not increase dramatically or out of proportion to tenant revenue. It is worth noting that in 2022 and 2023, some utility costs, particularly for gas, have skyrocketed. However, these projections are conservative and should not be jeopardized if utilities continue to increase.

In addition, because we take a conservative approach to annual projections, prior year accruals have exceeded amounts that have been dedicated to various programs by \$581,500. These funds are now available for programming.

Finally, \$774,753 from prior years is also available for reprogramming. Most of this savings is from the Youth Employment Program (described further below), which was not able to extend as many of job opportunities as usual due to the COVID pandemic which shut down many businesses. These funds are being reduced from prior year budgets and are rolled forward for reprogrammed uses.

As such, a total of \$10.5 million is available for CY 2024-2026.

AVAILABLE FUNDS				
Source	2024	2025	2026	3-Year Total
Annual Projection	\$ 3,000,000	\$ 3,050,000	\$ 3,100,000	\$ 9,150,000
Excess Accruals prior years	581,500	-	-	581,500
Reprogramming	774,753	-	-	774,753
Total Available	\$ 4,356,253	\$ 3,050,000	\$ 3,100,000	\$ 10,506,253

Programming Request:

This request seeks three (3) years of funding for the following projects:

PROGRAM BUDGETS 2024 - 2026				
Program	2024	2025	2026	3-Year Total
Youth Employment	\$ 1,075,000	\$ 1,075,000	\$ 1,080,500	\$ 3,230,500
Safety Infrastructure (Cameras)	879,571	693,682	375,000	1,948,253
Computer Learning Centers	475,000	500,000	575,000	1,975,000
Rec Center Partners	907,500	1,067,500	1,107,500	3,082,500
Rec Center Maintenance	90,000	90,000	90,000	270,000
Total Programming	\$ 3,427,071	\$ 3,426,182	\$ 3,228,000	\$ 10,506,253

Youth Employment Program

\$3,230,500 (\$1.076 million on average per year)

When originally conceived in 2011, HACLA's partnership with the City for youth employment mirrored the City's emphasis on summer jobs. However, this program has evolved into a year-round employment program which offers participants a wider variety

of internship opportunities throughout the year. Since 2011, HACLA has dedicated over \$1 million annually for this critical program.

For the new budget, HACLA requests a cumulative budget of \$3.23 million. At this increased level, HACLA can offer over 500 youth employment positions as well as pay for the internal costs of administering the program. These positions also provide leverage for the City's Economic and Workforce Development grants.

Safety Infrastructure / Camera Systems Maintenance
\$ 1.95 million total

Beginning in 2017, PILOT funds have been used for the maintenance of the camera system at the fourteen public housing sites. Due to system degradation and the inability to replace parts, in 2018 and 2019, HACLA replaced the obsolete system at virtually all HACLA sites¹.

These camera systems are used to support LAPD activities and the efforts of the Community Safety Partnership ("CSP"). Moreover, as part of the Vision Plan community engagement process, residents identified safety as one of their primary concerns.

The new system offers significant improvements on clarity of image, range of view, and functionality, including remote device access. However, we have also found that cameras require ongoing repair and replacement due to vandalism.

In 2023, HACLA executed a new three-year agreement which includes annual maintenance at approximately \$375,000 annually, as well as funding for the replacement of a portion of all cameras each year (\$450,000 to \$320,000 annual), as they become obsolete or are beyond repair. Contingency funding is also included for as needed repairs caused by vandalism.

Computer Learning Centers
\$1,975,000 total (\$500,000 on average per year)

The Computer Learning Centers (CLCs) at the public housing sites serve as an important resource for residents of all ages. For adults, the centers provide access to General Education Development (GED) and English and a Second Language (ESL) training and resources, and for school-aged youth, tutoring and other educational support resources are provided. They are also tied to HACLA's WorkSource Center activity and initiatives. The CLCs have been supported through PILOT since 2016.

These funds are used primarily for the staffing of the CLC's including a programs specialist who supervises the work of interns assigned to each lab. This specialist also develops and implements new programs for the computer labs. The interns have been a critical component to the success of the labs, working as digital ambassadors to engage residents in the services offered at the CLCs. Funding also supports third-party vendors who provide computer maintenance and janitorial services.

¹ Jordan Downs was excluded from this upgrade project since it is undergoing redevelopment.

This funding for operations is leveraged with significant funding provided from the City, various donors, and the LA LOMOD program for facility improvements and equipment upgrades.

Recreation and Education Programs

\$3.1 million total (\$1M on average per year)

Beginning in 2011, HACLA assumed direct oversight of recreation programs previously managed by the City's Recreation and Parks Department at our various gyms and community centers. The HACLA model for services relies on partners such as the Boys & Girls clubs for a wide array of recreation and education programs for resident youth.

These partnerships have been a tremendous success. The Program Partnerships Unit focuses on developing new partnerships and expanding the services provided by these partners to ensure our residents, specifically our youth, have the full array of services that are available.

Anticipated service providers and funding levels are summarized below. In most cases, the services providers have been on-site for years and have established roots in the communities they serve.

Location		PROPOSED FUNDING		
		2024	2025	2026
Estrada Courts	Boys & Girls Club, West San Gabriel Valley	85,000	85,000	85,000
Imperial Courts	Red Eye	135,000	150,000	150,000
Jordan Downs	Summer Night Lights	-	100,000	125,000
Mar Vista Gardens	Boys & Girls Club, Santa Monica	40,000	50,000	50,000
Nickerson Gardens	Soledad Enrichment Action (SEA)	40,000	40,000	40,000
Nickerson Gardens	To be determined	200,000	215,000	225,000
Ramona Gardens	Boys & Girls Club, West San Gabriel Valley	77,500	77,500	77,500
Rancho San Pedro	Boys & Girls Club, Harbor	75,000	80,000	85,000
San Fernando Gardens	To be determined	85,000	100,000	100,000
William Mead	Boys & Girls Club, West San Gabriel Valley	45,000	45,000	45,000
Add'l Services TBD		125,000	125,000	125,000
TOTAL		\$ 907,500	\$ 1,067,500	\$ 1,107,500

In addition to funding for the listed service providers, some funds are set aside for additional services to be provided at sites to be determined. It is also possible that as needs evolve, different partners than those listed above may be engaged.

***Recreation Centers: Facility Maintenance
\$270,000 (\$90,000 annually)***

Although HACLA partners with the non-profits above for the delivery of services to our resident youth, we continue to be responsible for the maintenance of our rec center facilities. Like our housing stock in general, most of our rec center facilities are aging, and require ongoing maintenance, which will include lighting, HVAC, extermination, flooring, and alarm systems. Staffing costs for this repair work will continue to be absorbed by the Public Housing program.

Upon Board of Commissioners approval, the recommended uses of PILOT funds will be presented to the Los Angeles City Council for review and approval, with subsequent approval by the Mayor. Since this can result in modifications to the proposed uses, authorization is requested for the President and CEO to adjust the final program allocations based on those discussions.

Authority is also requested to make subsequent transfers between approved projects to meet future needs.

Vision Plan Each of the initiatives proposed is directly tied to specific Vision Plan Strategies including:

Program(s)	Vision Plan Strategy
<ul style="list-style-type: none">Youth EmploymentComputer Learning Centers	People Strategy 7: Enhance resident access to education opportunities, workforce readiness training, and skills development.
Safety Infrastructure / Cameras	People Strategy 15: Improve Security Monitoring at all HACLA sites
Recreation Center Partners	People Strategy 4: Develop and implement onsite and offsite service linkages aligned with best practices to support broad resident needs.
Recreation Center Maintenance and Improvements	Place Strategy 6: Utilize HACLA-owned property to provide community amenities that meet broader neighborhood needs

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: PILOT funds are derived from the Public Housing program which records ten percent of tenant revenue less utilities as an expense on a monthly basis. This expense is recorded as an accrued liability until it is programmed for specific uses; it is then reflected as unearned PILOT revenue until costs are incurred.

Budget and Program Impact: PILOT uses for public housing activities represent a significant benefit to the public housing program since it relieves the program from having to absorb these costs in its operating budget.

Environmental Review: Not Applicable

Section 3: Not Applicable.

RESOLUTION NO. 9996

**RESOLUTION AUTHORIZING THE REQUEST OF A THREE-YEAR WAIVER AND USE AGREEMENT FOR
CALENDAR YEARS 2024-2026 AGREEMENT WITH THE CITY OF LOS ANGELES FOR THE USE OF PAYMENT
IN LIEU OF TAXES**

WHEREAS, the City of Los Angeles ("City") and Housing Authority first entered into a Cooperative Agreement in 1938;

WHEREAS, as part of the agreement, the Housing Authority would make Payments In Lieu Of Taxes ("PILOT") for services, based upon the rate of 10% of the annual rent paid by public housing tenants less utility costs, or full property taxes, whichever is less;

WHEREAS, the City has approved PILOT waiver requests dating back to 1988 to support City services in HACLA public housing developments;

WHEREAS, with continual federal funding reductions, it is imperative that funding sources such as PILOT are used to maximize benefits for public housing residents;

WHEREAS, the funds for the waiver request for calendar years 2024 through 2026 total \$10,506,253; and

WHEREAS, the recommended uses of PILOT funds require approval by the Los Angeles City Council and Mayor.

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners authorizes the President & CEO to request and negotiate a three-year waiver and use agreement for calendar years 2024 through 2026 with the City of Los Angeles for the use of HACLA's Payment in Lieu of Taxes funds;

BE IT FURTHER RESOLVED that the Board of Commissioners authorizes the President and CEO to amend funding between approved projects to meet future needs; and

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM:

Housing Authority of the City of Los Angeles

BY: 

James Johnson, General Counsel

BY: 

Cielo Castro, Chairperson

DATE ADOPTED: 9/28/2023