

REPORT FROM

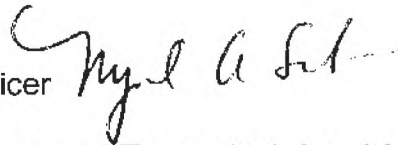
OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 29, 2015

CAO File No. 0220-00540-1137
Council File No. 12-0194 & 12-0777
Council District: Citywide

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer



Reference: Housing and Community Investment Department Transmittal dated May 27, 2015;
Received by the City Administrative Officer on June 3, 2015

Subject: **PROPOSED SECOND AMENDMENTS TO CONTRACT NUMBERS C-123730 WITH INTERNATIONAL REALTY AND INVESTMENTS, INC. AND C-122917 WITH OVERLAND PACIFIC AND CUTLER, INC. FOR PROPERTY MANAGEMENT SERVICES; AND CONTRACT NUMBER C-121127 WITH AMERINATIONAL COMMUNITY SERVICES, INC. FOR LOAN SERVICING**

SUMMARY

In a transmittal dated May 27, 2015, the Housing and Community Investment Department (HCID) requests authorization to execute proposed Second Amendments to contracts with International Realty and Investments, Inc. (International Realty) and Overland Pacific and Cutler, Inc. (Overland Pacific) to provide property management services for HCID's Real Estate Owned (REO) properties. The two contracts each had initial terms from April 1, 2013, through March 31, 2014, with two additional one-year renewal options. Compensation for both contracts is generated from a percentage of gross collected rents. Therefore, HCID is not seeking additional funds for the proposed Second Amendments. In April 2014, HCID executed First Amendments to extend both contracts through March 31, 2015. The proposed Second Amendments will be the final renewal option for both contracts with an extension through March 31, 2016.

The HCID also requests authorization to execute a Second Amendment with AmeriNational Community Services, Inc. (AmeriNational) to provide amortized loan servicing for the Department. The contract's initial term was May 1, 2012, through April 30, 2015, with two additional one-year renewal options and a total compensation of \$450,000. In March 2014, a First Amendment was executed to increase compensation by \$50,000, for a revised total of \$500,000. The proposed Second Amendment will extend the contract with AmeriNational through April 30, 2016. The HCID is not seeking additional funds for the proposed Second Amendment. The contract has sufficient unspent funds from the initial contract term to continue to provide services during the additional year.

The three proposed Second Amendments are attached to the HCID transmittal dated May 27, 2015. This Office recommends approval of the HCID request to execute Second Amendments to Contract Nos. C-123730 with International Realty and Investments, Inc.; C-122917 with Overland Pacific and Cutler, Inc.; and C-121127 with AmeriNational Community Services, Inc.

BACKGROUND

Property Management Services

The two property management contractors will be responsible for managing the HCID portfolio of 10 REO properties. The properties range from single-family homes and small apartment buildings to vacant lots acquired for the purpose of creating and sustaining affordable housing. International Realty and Investments, Inc. and Overland Pacific and Cutler, Inc., were selected through a Request for Proposals (RFP) conducted in October 2012 to find qualified contractors to manage the occupied REO properties (C.F. 12-0194). These contracts are funded through rental revenues generated from the portfolio of the occupied HCID-owned properties. The HCID requests a contract extension for additional time for the two property management contracts.

On April 26, 2012, the Personnel Department (Personnel) determined that there are existing City classifications that could perform the proposed property management services. On May 11, 2012, this Office made a Charter Section 1022 Determination that the Department's request to contract these services should be approved because the work exceeds staffing availability and the work is of limited scope and intermittent in nature.

Loan Servicing

AmeriNational was chosen through an RFP released in December 2011 (C.F. 12-0777). The HCID and AmeriNational entered into a contract with an initial term of three years from May 1, 2012, through April 30, 2015, with two one-year renewal options. Contract compensation was for a total of \$450,000, paid for with Municipal Housing Finance Funds. In March 2014, the contract was amended to increase the compensation amount by an additional \$50,000 from the Low and Moderate Income Housing Fund. The scope of work was also amended to include the servicing of the recently acquired loan portfolio of the former Community Redevelopment Agency of the City of Los Angeles.

The AmeriNational contract has sufficient remaining unspent funds from the initial three-year contract term to continue to provide services anticipated during the additional one-year period. Therefore, HCID does not seek additional funds for this contract. On July 28, 2011, pursuant to Charter Section 1022, Personnel determined that the City does not have existing staff that can perform the proposed loan servicing; therefore, HCID entered into a contract to perform the services.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor, authorize the General Manager of the Housing and Community Investment Department (HCID), or designee to:

1. Execute a Second Amendment to Contract No. C-123730 with International Realty and Investments, Inc. to extend the contract for one year through March 31, 2016, for the continued provision of property management services for HCID's Real Estate Owned properties, subject to the review and approval of the City Attorney as to form and compliance with the City's contracting requirements;
2. Execute a Second Amendment to Contract No. C-122917 with Overland, Pacific and Cutler, Inc. to extend the contract for one year through March 31, 2016, for the continued provision of property management services for HCID's Real Estate Owned properties, subject to the review and approval of the City Attorney as to form and compliance with the City's contracting requirements; and
3. Execute a Second Amendment to Contract No. C-121127 with AmeriNational Community Services, Inc. to extend the contract for one year through April 30, 2016; for the continued provision of loan servicing for HCID's portfolio of amortizing loans, subject to the review and approval of the City Attorney as to form and compliance with the City's contracting requirements.

FISCAL IMPACT STATEMENT

There will be no impact on the General Fund. No additional funding is being requested for the proposed Second Contract Amendments. The recommendations in this report are in compliance with the City's Financial Policies in that the proposed Amendments will be funded by HCID's Municipal Housing Finance Fund, Low and Moderate Income Housing Fund and rental revenues.

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